

OVERSEAS NEWS

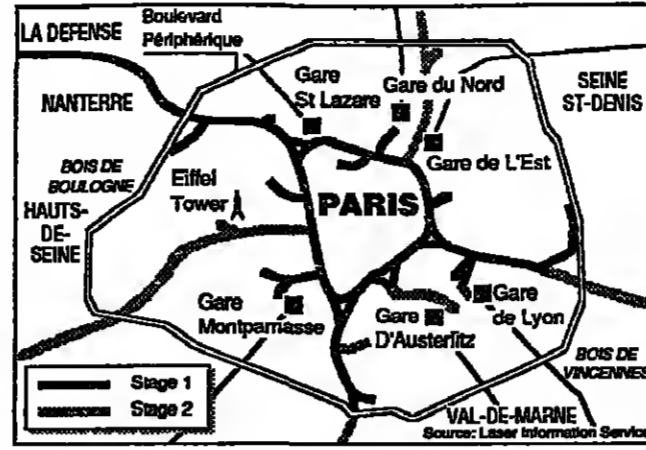
Paris sees science-fiction motorways as key to unlock traffic jams

The typical resident is lucky to get across the city at more than 6.2mph, motorway operators estimate. William Dawkins reports

PARISIAN car drivers travel across their city today at about the same average speed as their great grandfathers would have done 100 years ago, lumbering along in horse and carriage. In six years' time, they might easily instead be speeding along 30 metres beneath the pavement in a science-fiction-style underground motorway network...

But the proposals being considered for the reform of the city's roads and parking spaces are the most spectacular of all Paris' development options, in the best tradition of prestige French infrastructure projects. They are the work of four of France's top five construction companies, now fighting each other for a contract that could be worth up to FF22bn.

"This is the biggest public transport project in Paris since the building of the Metro," claims Mr Philippe Garnier, spokesman for Cofirooute, the construction group, is promoting the more advanced of the two tunnel plans. While the winning scheme would be independently financed and therefore be no drain on city funds, the impact will be so important that Mr Chirac is considering calling a city referendum before going ahead...



Initial signs are that the change could be very unpopular in some quarters. Some Socialist politicians argue that it would instead be better to develop the region's public motorways or to reintroduce city trams. The problem, however, is as wide-ranging as are the solutions now being studied in the town hall. Mr Chirac estimates that there are 4.2m cars based in Paris and the surrounding region...

for a recent rise in sales of four-wheel-drive cars in the city. Added to this, it takes only 110,000 cars to be driving through Paris at any moment for a serious jam to result, the city authorities estimate. The battle for Paris' new roads began two years ago when a director of GTM-Entrepose took advantage of Mr Chirac's presence at the opening ceremony for an underground car park to give him an outline plan.

Entitled Project Laser (Liaison Automobile Sonneraine Expresse Regionale), it would create 22km of underground motorway at a cost of FF16bn during a first phase, to open in 1995, with another 27km, costing a further FF6bn, to open five years later. Since then, financing has been put into place by Dumez, France's second largest construction group which controls GTM-Entrepose, Compagnie Generale des Eaux, plus the banks Paribas, Societe Generale and Banques Indosuez among others.

Motorists would either exit the arrangement of their choice or leave their cars in the 5,000-space underground garages envisaged in the Laser scheme. Entry would be controlled by computer to avoid underground jams and be subject to a FF20 toll. Cofirooute reckons Laser would take 15 per cent of the traffic that now uses the streets, which would allow the project to make a profit in 10 years.

Mr Chirac will not have completed his negotiations with Mr Rocard and the Ile de France authorities before next spring, city officials say. Meanwhile, he announced last week a 10-year plan to have 100 km of the main city streets and create 5,000 underground parking spaces annually. In parallel, the city police have launched a fresh crackdown on illegal parking, to start next month. Mr Pierre Verhulst, the Paris police chief, has even warned that dangerous parkers will lose their licences. Parisian drivers have been warned.

Small businesses blossom in W Germany

By David Goodhart in Bonn

The latest statistical snapshot of West German business discloses an unexpectedly dynamic small business and service sector which represents a rapidly rising proportion of total company formation and jobs. The Federal Statistics Office, reviewing the period 1970 to 1988, says that 66 per cent of all current work places have been opened in that period and the total number of companies has increased by 10 per cent to 2.1m.

The European Commission has largely sided with Britain in protesting against West Germany's ban this week on British beef offal because of the outbreak of mad cow disease in the UK. David Buchan reports from Brussels. Mr Raymond McSharry, the EC Agriculture Commissioner, was yesterday still waiting for the German authorities to reply to his telegram to them on Monday. Brussels regarded the German action as "not fully justified" and urged the German authorities to start immediate discussions with their British counterparts, either directly or through the EC's standing committee of veterinary experts.

Officials continue to maintain that negotiations between Mr Helmut Haussmann, the Economics Minister, and Mr Antonio Cardoso e Cunha, the EC's Energy Commissioner, will continue, and that joining the legal action is only an insurance policy. West German electricity utilities are committed to using about 41m tonnes of domestically produced coal every year until 1995. To compensate the utilities for the extra cost of buying German coal the Government adds a levy to consumers electricity bills, which this year stands at 8.5 per cent. The EC wants to reduce both the levy and the German coal usage guarantee before 1995. Bonn's offer of a reduction in the levy from 8.5 per cent to 7.5 per cent by 1993 is considered inadequate in Brussels.

from the German coal industry but the Government said it would prefer to negotiate with the Commission than take legal action. Officials continue to maintain that negotiations between Mr Helmut Haussmann, the Economics Minister, and Mr Antonio Cardoso e Cunha, the EC's Energy Commissioner, will continue, and that joining the legal action is only an insurance policy. West German electricity utilities are committed to using about 41m tonnes of domestically produced coal every year until 1995. To compensate the utilities for the extra cost of buying German coal the Government adds a levy to consumers electricity bills, which this year stands at 8.5 per cent. The EC wants to reduce both the levy and the German coal usage guarantee before 1995. Bonn's offer of a reduction in the levy from 8.5 per cent to 7.5 per cent by 1993 is considered inadequate in Brussels.

Matra plans to launch joint combat missile

By George Graham in Paris

MATRA, the French defence and electronics group, is planning to launch a new joint European air-to-air missile, in association with the next generation of Nato fighter aircraft. BGT, to equip the next generation of European fighter aircraft. Matra, which announced on Thursday that it was buying 20 per cent of BGT from the West German group Diehl, said it planned to equip the next generation of European fighter aircraft. Matra, which announced on Thursday that it was buying 20 per cent of BGT from the West German group Diehl, said it planned to equip the next generation of European fighter aircraft.

ect spearheaded by British Aerospace. The Asram project was initially intended to equip the next generation of Nato fighter aircraft, in conjunction with the medium-range Amram interception missile project, led by Hughes of the US. West Germany, however, has withdrawn from the Asram group. France, meanwhile, has chosen to combine the combat and interception roles in a single missile, the Mica, for its own new fighter aircraft, the Rafale. Mr Noel Forgeard, managing director of Matra's defence and

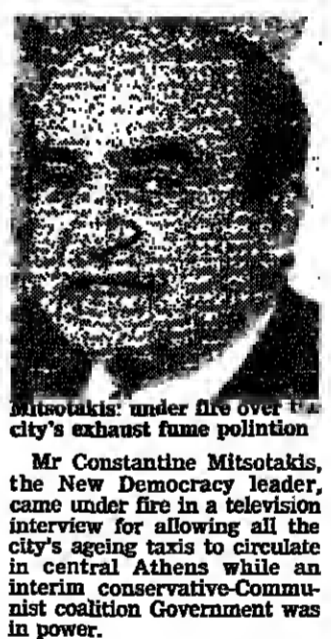
space activities, said that his company believed this combination of the two roles was the right concept, but he recognised that not all air forces would agree. The new proposal, therefore, is for a version at least 20 per cent lighter than the Mica, but using many of the same elements, notably its radar and aerodynamic, and adding the infra-red self-guidance systems in which BGT specialises. Mr Forgeard said that he hoped to put forward detailed proposals, in conjunction with BGT and GEC Marconi of the

UK. In December, at around the same time that British Aerospace hopes to have formulated its Asram project. "We have a very precise project to propose a European alternative to equip European aircraft," he said. Mr Forgeard said the new association with BGT complements, rather than conflicts, with its links with Deutsche Aerospace, with which it plans to swap share stakes in the next few months. Matra is understood to have paid around FF250m for the BGT stake.

Pre-poll smog over Athens is just the ticket for Greens

By George Graham in Paris

A THICK brown pollution cloud, the worst on record, hovered over Athens yesterday at the close of the Greek election campaign, perhaps boosting the chances of one of the three Green parties winning a parliamentary seat in Sunday's poll. Just a few thousand votes in a dozen key constituencies are likely to decide whether the conservative New Democracy party can scrape an absolute majority in the 30-seat house. A next round vote for the ecologists by people dissatisfied with the three main parties would affect the second-round distribution of seats in Greece's complex proportional voting system, even if none of the Green candidates gets elected. Factories cut down output by 50 per cent, schools were closed and private cars banned from the city centre when pollution levels soared to twice the acceptable limit after several days of balmy weather.



Vehicle exhaust fumes are blamed for the headaches, nausea and frayed tempers that Athenians complain of when the "nefos", the Greek word for cloud, is at its worst. Mr Mitsotakis warned voters that if the election results in a another hung parliament, basic policy differences would make it impossible for a second right-left coalition to be formed, raising the unpopular prospect of a third election in less than a year. The Socialist former Prime Minister, Mr Andreas Papandreu, who lost power in the June election, has offered to co-operate with the Communist-dominated Left Alliance on a joint programme for a coalition government. Although the two left-wing parties would seem natural coalition partners, the Alliance leaders have so far ruled out co-operation with the Socialists so long as Mr Papandreu remains in control of the party.

Rome springs surprise over state chiefs

By Sari Gilbert in Rome

AFTER months of political wrangling among Italy's five governing parties, the Italian Government has appointed two surprise candidates as the presidents of Italy's leading state holding companies. A cabinet meeting yesterday designated Mr Franco Nohlli, 63, chairman of the giant private construction group, Cogefar-Impretit, to succeed Mr Romano Prodi as president of the largest Italian state holding company. Mr Gabriele Cagliari, 63, a board member of Eni, the state energy agency, was named to replace Mr Franco Reviglio as chairman of that group. The appointments were the result of a last-minute political compromise among various factions of the Christian Democratic party and between the Christian Democrats, Italy's largest political party, and the Socialists, the Christian Democrats' principal governing partner. Mr Nohlli is a Christian Democrat and Mr Cagliari is a Socialist. The two posts have enormous importance in Italy, because of the economic size of the two holding companies whose joint turnover represents 10 per cent of Italy's gross domestic product. Both Mr Prodi and Mr Reviglio managed to resist political interference in business decisions more than any of their predecessors. The wrangling and consequent deadlock in recent months over the choice of their successors has been seen as evidence that this time the politicians hope to have more influence. Until only two days ago it was widely believed that Mr Prodi would be replaced by Mr Franco Vizzoli, the Christian Democratic chairman of Enel, the state electricity authority, and that Eni would be headed by Mr Lorenzo Necci, a Republican, who is president of Enimont, the party-private, party-state chemicals joint venture. Mr Vizzoli was opposed by the powerful "Dorotei" faction of the Christian Democrats, while the Socialist Party leader Bettino Craxi wanted to keep Eni in Socialist hands.

Oslo cuts budget spending plan

By Karen Fossil in Oslo

NORWAY'S new centre-right tripartite coalition yesterday announced changes to the 1990 state budget proposal, put forward last month by the outgoing minority Labour government, which cut by Nkr6.5bn, the budget deficit. The new budget proposal reduces a 7 per cent increase in expenditure called for by Labour to 6 per cent, by relying on a proposal to cut most ministries, though spending on the environment, foreign aid and defence will remain largely unaffected. The central plank of the new government's economic policy calls for expenditure to be less than the growth of national income, in a bid to keep interest rates at a low level and to

help strengthen the krona. A Nkr3.25bn package of personal income tax cuts is also being proposed, a cut of Nkr1bn more than Labour's previous package. Mr Arne Skauge, the new Conservative finance minister, said that the wage freeze implemented by the previous government over the past two years would be dropped, adding that the new budget proposal offered sufficient tax incentives to keep wage growth at about 3 and 4 per cent. "In its economic policy for 1990, the Government has sought to establish favourable conditions for reasonable income settlements," he said. The main elements in the coalition's economic strategy

include: a programme to improve the supply side of Norway's oil-dependent economy comprising measures to promote the internationalisation of Norwegian businesses through adaptation to 1992 and lowering trade barriers in Gatt negotiations; Stabilisation of economic policy to achieve stable conditions for the business sector; fiscal and monetary policies will be directed towards achieving a stable foreign exchange rate. In addition, the new government plans to put forward in December a proposal for the establishment of a petroleum revenue fund and will hold open the possibility of applying for association to the European Monetary System (EMS).

Kosovo army alert stepped up

By Judy Dempsey in Prishtina, Kosovo

SURVEILLANCE by the police and military was yesterday stepped up in Yugoslavia's southern province of Kosovo following the death of two ethnic Albanians in Prishtina, the provincial capital. The incident occurred at Susceni Breg, a modern housing complex near the university on Thursday night, when four ethnic Albanians apparently fired from a cellar at the security authorities. One policeman was wounded in the attack. Although the authorities described the ethnic Albanians as a group of Albanian armed extremists, it is widely believed in Prishtina that the catalyst for the renewed outbreak of violence was the decision by the Federal authorities to press ahead with the trial of Mr Azim Vllasi, the former party leader of Kosovo. The trial of Mr Vllasi and 14 others opened in the town of Titova Mitrovica in Kosovo last Monday. Mr Vllasi's lawyers managed to have the trial adjourned on the grounds that he would not get a fair hearing except in the neutral territory. But apparently, despite requests from the republics of Slovenia, Croatia, Bosnia-Herzegovina and Macedonia that Mr Vllasi be pardoned, the Federal State Presidency decided on Wednesday that the trial would resume. No date has yet been set. Mr Vllasi was charged last August with "counter-revolution" for having allegedly supported the wave of strikes and demonstrations which swept through the province last March. Then, thousands of ethnic Albanians had taken to the

streets in protest against the amendments to the Constitution of the Republic of Serbia passed last December. Those changes in effect gave the republic direct control over the running of the internal affairs of Kosovo and the northern province of Vojvodina. Both provinces had been granted wide autonomy in 1974 by the late President Josif Broz Tito in an effort to contain the influence of Serbia, the largest republic, in the Federation. However, since 1987, Mr Slobodan Milosevic, the former party leader, who is now the President of Serbia, had by allegedly whipping up nationalist Serb sentiments, repeatedly argued that the ethnic Albanian majority were intimidating the small Serbian minority into quitting the province altogether.

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UK NEWS

Retailers protest over VAT charge on 'free gifts'

By Philip Rawstorne

BRITISH retailers and manufacturers are challenging a series of unexpected claims from Customs & Excise for value added tax on premiums - "free gifts" used in sales promotion campaigns.

purchase of certain cheeses. The full cost of the coins, including packaging, was ruled liable to 15 per cent non-recoverable VAT.

Visa alters rules to launch debit card

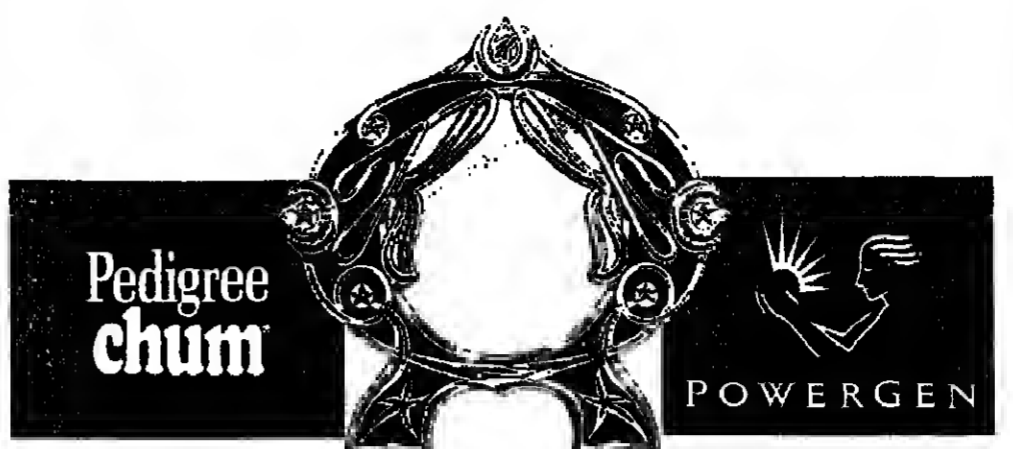
By David Barchard

VISA INTERNATIONAL, the largest payment card system, has altered its rules, apparently in an attempt to compete with Switch, the electronic-only debit card branding launched by Midland Bank, National Westminster and Royal Bank of Scotland last year.

Rewards and risks of TV sponsorship

Raymond Snoddy blinks but doesn't miss commercial attributions on programmes

ON SCREEN it is a difficult revolution to spot. Blink and you may miss it. Television sponsorship in the UK has broken free from its all-embracing restrictions just enough to make a few fleeting appearances and to raise questions about its role in the future of deregulated British commercial television.



come because the Independent Broadcasting Authority extended the categories that could attract sponsorship money to include instructional programmes, arts magazine programmes and the weather.

event - a competition for animators - the authority objected to the number of times the Kellogg "K" appeared on the programme's mirror illustration.

to the future," says Mr Steve Morrison, Granada's director of programmes, who is on the liberal pragmatic side of the sponsorship argument within ITV.

Welsh heritage success

By Anthony Moreton, Welsh Correspondent

IMPROVEMENTS at heritage sites in Wales over the past five years and the staging of more imaginative exhibitions have led to a big increase in visitors.

the expansion has taken place in spite of some fears that the heritage industry might be overcommercialised to the detriment of the monuments.

Leeds pre-tax profits up 13%

By David Barchard

PROFITS AND mortgage lending rose sharply at Leeds Permanent, the fifth-largest building society, in the financial year ending September 30, in spite of the depressed housing market.

to £3.36bn. The society more than doubled its share of the building society mortgage market, taking 9.96 per cent of total building society lending compared to 4.7 per cent a year ago.

Profit growth would have been even higher but for serious losses by Leeds Permanent on two fronts.

Legal language 'cryptic'

A LEGAL document threatening a company director with prison if he did not attend court used "cryptic" language that 50 per cent of people would not understand, a High Court judge said yesterday.

who pick up a document like that would not appreciate that going to prison is the possibility.

Bae lays off 28 as unions plan escalation of dispute

By Fiona Thompson, Labour Staff

THE first lay-offs as a consequence of the engineering unions' strikes were announced yesterday by British Aerospace.

ing director of the commercial aircraft division, wrote to all 24,000 BAE employees on October 31 stressing that the company could not afford to build up stocks of work in progress that were not going to be utilised.

In addition, management at NEI-Parsons in Newcastle and at Smiths Industries in Cheltenham have been told strikes will begin at these sites unless an agreement on a shorter working week is agreed by November 17. Manual workers at these plants have already voted to stage indefinite strikes.

Postal staff agree to collections on Sundays

By Fiona Thompson

THE Post Office is to resume Sunday letter collections in five districts from November 19, following agreement by the executive of the Union of Communication Workers.

GM conditions for new plant 'almost met'

By John Gapper, Labour Editor

GAR industry unions said yesterday they were close to meeting the conditions set by General Motors for siting a £127m engine plant at Ellesmere Port, Cheshire, following the agreement on union membership.

met by the Monday deadline. Mr Tony Woodley, TGWU national officer, said the idea of team working within the existing car plant had already been agreed in principle by stewards. There were some issues to be resolved, but they were unlikely to prove a big obstacle.

Port would be allowed to transfer freely among unions. The talks were chaired by Mr John Monks, TUC deputy general secretary.

One more move towards consensus

John Gapper on the TUC, Ellesmere Port and the legacy of Dundee

A week ago, Mr John Monks was congratulated for sounding a note of optimism over the prospect of a deal to end the dispute over the new engine plant at Ellesmere Port.



John Monks: seems to be back in a traditional union role

But the TGWU argued that the eventual loss of jobs through the application of manufacturing and new technology - which has been estimated at about 1,200 over a number of years - would fall most heavily on its members.

eral Motors' joint venture with Isuzu to rescue the Bedford van plant in 1987. Although GM had not announced new working practices within the van plant, it did not extend the demand to its Luton car plant. Working practices there remain similar to Ellesmere Port.

'Poor English' fails foreign teachers

By Our Labour Staff

MORE THAN half the foreign teachers applying for jobs in British schools were rejected despite difficulties in filling teaching posts in some education authorities, the Government disclosed yesterday.

rejected could teach if they were submitted for the Government's licensed teachers scheme under which people without standard qualifications are offered training and work experience.

New Zealand, the most applications came from the Republic of Ireland.

Further ambulance disruption likely

By Fiona Thompson, Labour Staff

THE LIKELIHOOD of London suffering severe disruption to its ambulance service for the second time in a fortnight increased last night, when London Ambulance Service management requested a "watering-down" of a work-to-rule deal agreed last week according to Nupe, the union representing the bulk of the capital's ambulance workers.

ance staff would be docked, Mr Tom Crosby, London's acting chief ambulance officer said.

out at the end of the 36-hour cover by police, the staff guaranteed accident and emergency services and lifted some work-to-rule restrictions but kept in place a ban on dealing with non-urgent work with the exception of renal dialysis, cancer, terminally ill and certain maternity patients.

This also contrasts with General Motors' joint venture with Isuzu to rescue the Bedford van plant in 1987. Although GM had not announced new working practices within the van plant, it did not extend the demand to its Luton car plant. Working practices there remain similar to Ellesmere Port.

MAN IN THE NEWS

John Smith Advocate of a social democratic economy for Britain

By Michael Cassel and Peter Norman



It is a year since John Smith, Labour's shadow chancellor, "cooked out," as he puts it, with a heart attack in Edinburgh. He now looks fit, tanned and is clearly in high spirits. His physical recovery has been matched only by his revitalised political strength. In the 12 months since his heart attack, the 51-year-old Smith and the Labour party have been in the ascendant. In the last ten days they have watched a Chancellor fall and a prime minister weakened. Mr Smith, a Queen's Counsel at the Scottish Bar, has used the Commons like a courtroom to press charges of economic incompetence against the government. He sees his duty as being forceful but not unreasonable critic and admits he did not realise how explosive the row had become between Numbers 10 and 11 Downing Street. In the debates before Nigel Lawson's resignation, Smith showed to best advantage the forensic skills which in 1982 won him a national election and a seat in the House of Commons later handed at the Scottish Bar. He believes Nigel Lawson departed with his honour intact, even if his strategy was in a shambles. He says down his own role in the affair but observes "You don't have to be a saying we do not have an opposition now, do you?" Smith says the prime minister's failure to back her Chancellor was "ridiculous behaviour". He says the relationship between the two great offices of state is critical and remembers how, in the 1970s, when Smith was arguing for something, Prime Minister James Callaghan all but accepted his case but said that, in the final analysis, he had to back Denis Healey, his Chancellor. "A Chancellor must have the support of the Prime Minister."

The economic debate will be crucial for Labour in the run up to the next election. "I am genuinely worried about Britain's economic condition," he says. My ambition is to see Britain have an economy as strong as West Germany." He envisages an "increasing curve of prosperity" under a Labour government and fairer distribution of income and wealth. But wary of age-old accusations over Labour's ability to spend rather than to create, Mr Smith says he is urging upon his colleagues "the need to earn before we spend." His passionate advocate of social improvement, he believes the product of economic growth should be redistributed to favour private consumption less. A product of what he describes as a "treacherous, Scottish, state education system," he believes that the meritocratic route upwards from Dumfries Grammar School to Glasgow University - Smith urges a 10-year programme to improve education and training in Britain to create the "medium term" "opportunity" status. Smith also calls for a renaissance of manufacturing industry to turn round Britain's huge trade deficit. He is suspicious of the City, which, he says, now trades in companies and not shares. "I am not in the business of seeking the City's endorsement. Our policies are for society and not for the City. I do not want to make enemies out

of them but I am not going round hawking for approval." Industry, he adds, is now "battering down" his door because it sniffs political change. But those industry lists able to squeeze in an appointment with Smith will hear a philosophy that differs profoundly from that of the Thatcher era. If Labour wins the next election, Smith believes, it will not come to itself to any single policy in advance. It all depends on where inflation is coming from, he says. If inflation is externally induced, as with the oil price rises of the 1970s, "there is not a lot you can do, you have to ride with it." If inflation is induced by a price and incomes policy, a government "can improve labour market provision." Although Smith maintains that Labour has the political will to combat inflation, he will not commit himself to any single policy in advance. It all depends on where inflation is coming from, he says. If inflation is externally induced, as with the oil price rises of the 1970s, "there is not a lot you can do, you have to ride with it." If inflation is induced by a price and incomes policy, a government "can improve labour market provision."

waste that arises from the north-south divide. But he is tantalisingly vague on what a Labour Government would do in the short term to boost manufacturing. Reliance on market forces would not be enough. Markets, he says, can be "good servants but bad masters." In its policy review, Labour has retained the idea of a national investment bank. Regional banks could also cooperate with regional development agencies to stimulate manufacturing. Small businesses might be able to benefit from subsidised interest rates. Mr Smith says, will be talking to industry, looking at ways that the public and private sectors can encourage entrepreneurship in partnership. It is not a case of trying to pick winners, more of "creating areas in which to do better" of identifying weaknesses in the economy and encouraging companies to remedy them. For free marketeers such as Prof Alan Bond, the economic adviser to Barclays Bank, Labour's industrial strategy has a whiff of the 1960s. The same, Bond says, is true of Labour's support for credit controls. If inflation is being fuelled by surplus money in the economy, Smith believes it makes sense to limit its availability. France, he says, has credit controls and for that reason the French central bank only had to raise its interest rates by ¼ percentage

points last month following the Bundesbank's 1 percentage point increase, while British base rates increased a full point to 15 per cent. Smith says criticism of such controls is purely doctrinal. If the economy is heading for recession, excess credit may not be a problem for too long, he says. In the meantime, however, it makes sense to look for an alternative which does not have "the terrible effects of higher interest rates on industry." High interest rates could themselves be inflationary, Smith believes. But when describing what a Labour Government would do to tackle inflation, the otherwise fluent advocate appears on less sure ground. Credit controls may be one answer. He is also fairly clear about what he does not want: Smith is not in favour of a price and incomes policy and does not believe that controlling money supply limits inflation. Although Smith maintains that Labour has the political will to combat inflation, he will not commit himself to any single policy in advance. It all depends on where inflation is coming from, he says. If inflation is externally induced, as with the oil price rises of the 1970s, "there is not a lot you can do, you have to ride with it." If inflation is induced by a price and incomes policy, a government "can improve labour market provision."

The 0.7-cent solution causes a loss of face

Robert Thomson in Japan reports on the prevalence of extremely low computer tender bids

Regardless of the exchange rate, Y1 does not amount to much. And the confessions by Japanese computer companies this week that they bid Y1 for computer system design contracts in local government tenders could have been better timed. For the admissions come just ahead of important bilateral trade talks in Washington next week, when US officials are sure to use them as new evidence of Japanese business trickery. They will be able to cite the government in Tokyo, which has complained about deplorable business ethics, and the fact that a local government in Japan has insisted that a Y1 bid stand for the contract must stand. Indeed a Japanese news anchorman, turning to his audience after watching a colourful report on the tender antics of the computer companies, closed with the comment that US officials have long berated Japan for its business malpractices - and maybe they are right after all. The computer salesman responsible for the 0.7 cent bids have expressed deep regret for their "lack of common sense" and for the embarrassment they have caused their companies and country. But there is a logic to the Y1 bid. Fujitsu and NEC, which has confessed to two Y1 bids for public contracts for systems design, reckoned that the short-term loss would become a long-term gain if they had won what excites most Japanese companies: market share. Fujitsu figured there were two benefits from giving away the software package to the Hiroshima Waterworks Bureau, which announced it was "shocked" by the Y1 bid received a week ago, but now argues that a deal is a deal. The first benefit would come from the inevitable letter sales of far more expensive hardware to match the software, and the second would come from probable contracts with other local waterworks departments or libraries, which like the Hiroshima Waterworks Bureau, which announced it was "shocked" by the Y1 bid received a week ago, but now argues that a deal is a deal. The first benefit would come from the inevitable letter sales of far more expensive hardware to match the software, and the second would come from probable contracts with other local waterworks departments or libraries, which like the Hiroshima Waterworks Bureau, which announced it was "shocked" by the Y1 bid received a week ago, but now argues that a deal is a deal.

systems, so a reputation as the computer supplier of provincial choice would be lucrative. Despite the appearances of collusion, this is a serious case of competition. NEC said that it bid one yen because it knew that Fujitsu was doing the same, while several other unidentified computer companies bid tens of thousands of yen for contracts that local government calculations would cost tens of millions. No US companies have been identified as bidders for the local government contracts that attracted the low bids, and US concern about computer sales in Japan has generally focused on discounts on supercomputers bought by academic institutions rather than sales of smaller machines to local Japanese authorities. But the bids are linked to the larger issues of contract bidding generally and of business practices. US concern about computer sales in Japan has generally focused on discounts on supercomputers bought by academic institutions rather than sales of smaller machines to local Japanese authorities. But the bids are linked to the larger issues of contract bidding generally and of business practices. US concern about computer sales in Japan has generally focused on discounts on supercomputers bought by academic institutions rather than sales of smaller machines to local Japanese authorities. But the bids are linked to the larger issues of contract bidding generally and of business practices.

contract prices were too high, as the 45 companies used their cozy relationship to ensure an even spread of work and healthy profits all round. The Fair Trade Commission, Japan's anti-monopoly body, has already condemned the construction companies, and is now investigating the computer companies. The Commission tends to take a long time to conclude investigations. It also has a reputation as a body that does not have the power to deal with the contradictions of collusion and competition among Japanese companies. Knowing right from wrong in business practice is sometimes more a skill than a moral imperative for Japanese businessmen. A week ago, there was nothing particularly troubling for the computer companies about their men in the field bidding Y1, but this week it has become "unreasonable" to use the word of Mr Toshiki Kashiwagi, the Prime Minister. Both Fujitsu and NEC now describe their bids as "socially unacceptable," and so, through case law, it has been established that a Y1 bid is unethical. While politicians and commentators say a group has condemned the Y1 bid, the partly penitent companies form a group inspired by the market share motive and one that does not think there is much wrong with Y1 bid if it is good for long-term business. There has been some ceremony in the public criticism of Fujitsu and NEC. The Ministry of International Trade and Industry (MITI) called senior executives in a series of cameras chat, and sent out letters to other known low bidders urging them to refrain from "excessive competition." MITI officials will explain in Washington next week that the bid was not a problem, not a sign of unfair trade practices. In the past, MITI has been famous for its "administrative guidance," the instructions on what to sell and where to sell it. Now that most Japanese companies have sorted out the bidding problem, the ministry, the custodian of Japan's international corporate image, has taken on the loftier role of offering "ethical guidance."

LETTERS

Curriculum vitality

From the Chairman, National Curriculum Council. Sir, Correspondence about the UK National Curriculum, culminating in Sheila Lawlor's letter (October 26), calls for correction and reassurance to your readers. People have been rightly concerned about the faults apparent in our education system. Although there is much that is good, standards of performance could be higher, the curriculum could be more relevant to the needs of society and, above all, the performance of schools has been patchy in the extreme. After more than 100 years of state education it was still not possible to identify a basic entitlement for our youngsters, still less a rational basis for the curriculum for compulsory schooling. The UK national curriculum is a move widely welcomed, and it has changed things dramatically and for the better. A framework ensures that every youngster will have a right through to 16, a broad and balanced education embracing the three core subjects of English, mathematics and science. The others are history, geography, the arts, physical education and a new subject called Design and Technology, which coherently applies skills in practical ways. It will be compulsory to study a modern foreign language. This is a curriculum which stands comparison with any and sets standards high to meet.

Registered as generous

From Mr Robert Apston. I have just received a dividend of £15.55 from securities worth £4,900. The registrars have deducted 26 per cent tax, and the bank charges 50p to clear the cheque, leaving me with £11.16. I do not know the registrar's costs in printing, giving, administration and banking, but they must be considerable. Imagine the costs involved for a company with a million shareholders, and how much could be saved if a tenth of them waived their dividends by giving. In good times the shareholders hope to enjoy capital gains on their investment, but they may not care to commit themselves to the more usual long-term covenant. They could withdraw from the shareholding by selling their shares, or by selling the shares. Shareholders not liable to income tax could still participate, and spare themselves and the Inland Revenue from the task of re-claiming dividend tax. Robert Apston, 17 Gangehill, Guildford, Surrey

No meddlers in the market

From Mr Richard Thornton. Sir, Mr John Reid's letter (October 26) deserves a thorough rebuttal. Markets are now so international that no local ban on the sale of shares within a year of purchase, as he suggests, would be effective. It would be a case of the business elsewhere and probably penalise British shareholders. A free market must be exactly that. If Mr Reid pauses for a moment to consider the effects of a one-year ban on trading he would realise that this would destroy the unit trust business - among many others - and thereby be to the disadvantage of private investors. As a unit trust manager I am well aware of the need for activity by some of our unit holders, not all of which is to my benefit or the benefit of stockbrokers.

Capital moves across borders

From Mr N.J. Reynolds. Sir, If the principle of freedom of movement of capital across borders is so important to the question of the United Kingdom joining the European exchange rate mechanism of the European Monetary System, why do we not liberalise our own highly-piggybacked rules? The Trustee Investments Act 1961, for example, broadly restricts the investment powers of trustees to half of the available funds in interest-bearing investments and bars all direct overseas equity investment other than Bank of Ireland stock. The more recent personal equity plan rules bar direct overseas investment, and severely restrict indirect overseas investment via investment and unit trusts. If we sorted out this sort of thing we could more justly claim to be doing what we say, and to be ahead of other countries in liberty, freedom and openness. N.J. Reynolds, 1 Castletown Drive, Banasp, Lancashire

Confessions at law

From Mr D. von Landauer. Justinian's article "Reform and the new Home Office team," October 30 prompts me to question that, under English law, a confession received by police after caution but without the person having independent advice suffices as a complete prosecution case, except where it is proved that police acted unfairly. Under Scottish law, such a confession is worthless unless supported by independent corroboration. Under French law, police may hold and question a sus-

ADVERTISEMENT BUILDING SOCIETY INVESTMENT TERMS

Table with columns: Product, Applied rate, Net interest, Minimum balance, Access and other details. Lists various investment products from Alliance and Leicester, Barclay's, etc.

Gaps and goofs in the EC Social Charter

From Ms C. Cranley MEP. Sir, Your leader ("Risks in the Social Charter," October 30) suggests that everything is so rosy in Europe's garden that the EC's charter of fundamental social rights is at best a "diversion," at worst a "disaster." It is strange to see how effectively the attitudes of the UK Government - regarded by the rest of Europe as - put it mildly, idiosyncratic - are beginning to penetrate the debate about this crucial dimension to the 1992 project. The EC must declare its commitment to ensuring that differences between income groups, classes, regions and sexes are not widened or exploited in the process of market integration: the people are not here to serve markets; it is the other way round. Of course the

position of workers must be buttressed by clear and meaningful rights, especially in an era when capital is allowed to move freely. Consider, too, the especially weak position of women in a labour market which, your leader implies, is already working satisfactorily. Equality of pay, access to employment and training demanded in chapter 19 of the Social Charter, which was not mentioned in your leader's article, is certainly not ignored by the millions of women throughout the European Community who spend their working lives underpaid and under-valued. The 1m workers expected to enter the British labour market in the 1990s, 90 per cent of whom will be women, will support enthusiastically the child-care pro-

enterprise, either through employee share option programmes or profit sharing. In spite of great emphasis on the need to do away with discrimination, the charter is silent on the need to do away with age discrimination in employment. No reference to the same obligations being imposed on employers in the public sector as in the private sector. No reference to the rights of the employees who choose not to belong to collective organisations such as trade unions. As long as these omissions remain, the Social Charter is a deeply flawed document. Bryan Cassidy, The Stables, White Cliff Gardens, Blandford, Dorset

From Mr Bryan Cassidy MEP. Sir, "Risks in the Social Charter" (Leader, October 30) drew attention to some of its defects. Presumably pressure of space prevented you from drawing attention to some of the omissions from the Social Charter. Among them are: No reference to the need to encourage employees to participate in the profits of their

INTERNATIONAL COMPANIES AND FINANCE

Budget Australia joins list of corporate casualties

By Chris Sherwell in Sydney

THE Budget Rent a Car Organisation in Australia reached the end of the road yesterday, in a failure which adds another of the country's high-profile businesses to a lengthening list of corporate casualties.

But analysts also blamed the group's aggressive cut-price strategy aimed at securing market share. Rescue attempts were initiated by a consortium comprising Brambles, the transport and waste management group, and four local car makers - General Motors-Holden, Ford, Toyota and Nissan - said to be owed A\$15.7m (US\$13.6m).

Earlier this week it was confirmed that Budget Rent a Car Systems owned Budget Corp more than A\$7.3m in fees, with no certainty of recovery - a revelation which prompted an inquiry by the National Companies and Securities Commission (NCSG).

Attempt to oust Mentor liquidators defeated

By Patrick Cockburn

AN ATTEMPT by some of the creditors of the Mentor Insurance company of Bermuda, which failed in 1985 with debts of \$760m, to dismiss the company's liquidators has been voted down by the annual meeting of Mentor's creditors.

Gauloise turns to blonde appeal

George Graham on the way ahead for a French cigarette producer

THE Gauloise cigarette carries one of those brand images that cling to their maker like last night's smoke.



In the firing line: Seita is testing a blonde variety of Gitanes

But Seita, the French state-owned tobacco company which makes Gauloise, is to change its image, along with its products and its strategy, to compete in changing markets.

With increasing competition from foreign cigarette makers which, since the end of the 1970s, have been able to move into the previously highly protected French market, Seita has seen its position come under attack.

Seita has reacted by moving into the blonde tobacco market, launching its own blonde cigarettes to compete against American brands such as Marlboro.

Home Shopping drops GTE suit

By James Buchan in New York

HOME Shopping Network, the struggling Florida company that pioneered the business of selling goods through television phone-in shows, has dropped its billion-dollar lawsuit against GTE, the giant telecommunications group that installed its telephone network.

Home Shopping said its insurers would make a cash payment of an undisclosed amount to the telecommunications group. The sum is believed to be only a fraction of the \$100m award.

In its results for its fourth quarter to August, Home Shopping's sales rose 4.9 per cent over the year-earlier period to \$187.4m. Mr Roy Spier, chairman, said the increase was due to a decision to focus the company on core electronic retailing business.

Full-year sales at Cinzano rise to L180bn

By Sari Gilbert in Rome

CINZANO Italiana, the Italian vermouth and sparkling wine group, has reported a 15 per cent increase in sales for the year ended September and said it expected net profits for the year to total L180 (€2.8m), up from L157bn (€2.5m) in 1988.

Telerate accepts raised offer from Dow Jones

By Karen Zagor in New York

DOW JONES, the big US financial publishing group, has agreed to buy out the minority shareholding in Telerate, its electronic market information business, for a sweetened price of \$21 a share, or about \$560 million.

China Light and Power climbs 10% to HK\$2bn

By John Elliott in Hong Kong

CHINA LIGHT and Power, the utility controlled by the Kadourie family which has a monopoly on electricity supplies to the Kowloon and New Territories areas of Hong Kong, yesterday announced net profits after tax and transfers under a government scheme of control of HK\$2.02bn (US\$259.2m) for the year ended September.

Home Shopping drops GTE suit

Home Shopping said its insurers would make a cash payment of an undisclosed amount to the telecommunications group. The sum is believed to be only a fraction of the \$100m award.

Telerate accepts raised offer from Dow Jones

Dow Jones currently holds 63.6m shares in Telerate, equivalent to about 67 per cent of the common stock on a fully diluted basis.

China Light and Power climbs 10% to HK\$2bn

Revenue increased 9.9 per cent from HK\$4.97bn to HK\$5.47bn. There were HK\$1.02bn transfers for reinvestment in the business, compared with HK\$959m last year.

TCE chairman to quit for advisory role in Thomson

By William Dawkins in Paris

THOMSON Consumer Electronics (TCE), the world's fourth largest producer in its sector, will be succeeded by Mr Bernard Isautier, 47, a former chief executive of the state-owned group announced yesterday.

China Light and Power climbs 10% to HK\$2bn

Revenue increased 9.9 per cent from HK\$4.97bn to HK\$5.47bn. There were HK\$1.02bn transfers for reinvestment in the business, compared with HK\$959m last year.

Table with columns: WEEKLY PRICE CHANGES, Latest prices, Change on week ago, Year ago, High 1989, Low 1989. Rows include Gold per tray, Silver per tray, Aluminum, Copper, Nickel, Zinc, Tin, Cocoa, Coffee, Sugar, Barley, Wheat, Cotton, Rubber, Oil.

Table with columns: SPOT MARKETS, COCOA - London, COTTON - London, RUBBER - London, OIL - London, SUGAR - London, WHEAT - London, BARLEY - London, MAIZE - London, RICE - London, SOYBEAN MEAL - London, SOYBEAN OIL - London, COPPER - London, ALUMINUM - London, ZINC - London, TIN - London, NICKEL - London, LEAD - London, IRON - London, STEEL - London, BRASS - London, CUPRO-NICKEL - London, SILVER - London, GOLD - London, PLATINUM - London, PALLADIUM - London, URANIUM - London, COBALT - London, CADMIUM - London, MANGANESE - London, ZINC - London, NICKEL - London, IRON - London, STEEL - London, BRASS - London, CUPRO-NICKEL - London, SILVER - London, GOLD - London, PLATINUM - London, PALLADIUM - London, URANIUM - London, COBALT - London, CADMIUM - London, MANGANESE - London.

Table with columns: CRUDE OIL - IPE, \$/barrel, Close, Previous, High/Low. Rows include Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Table with columns: CRUDE OIL - IPE, \$/barrel, Close, Previous, High/Low. Rows include Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Table with columns: LONDON METAL EXCHANGE, (Prices supplied by Amalgamated Metal Trading), Close, Previous, High/Low, AM Official, Korb close, Open Interest. Rows include Aluminum, Silver, Gold, Copper, Nickel, Zinc, Tin, Lead, Cadmium, Manganese, Vanadium, Chromium, Cobalt, Niobium, Tantalum, Zirconium, Hafnium, Niobium, Tantalum, Zirconium, Hafnium, Niobium, Tantalum, Zirconium, Hafnium.

Table with columns: POTATOES - IPE, \$/metric tonne, Close, Previous, High/Low, Chicago. Rows include Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Table with columns: SOYBEAN MEAL - IPE, \$/metric tonne, Close, Previous, High/Low, Chicago. Rows include Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Table with columns: GRAIN - IPE, \$/metric tonne, Close, Previous, High/Low, Chicago. Rows include Wheat, Corn, Soybean, Barley, Rye, Oats, Sorghum, Millet, Buckwheat, Rice, Lentils, Beans, Peas, Chickpeas, Flaxseed, Sunflowerseed, Rapeseed, Cottonseed, Sesame, Mustard, Linseed, Castor, Palm, Coconut, Copra, Rubber, Cocoa, Sugar, Molasses, Ethanol, Malt, Hops, Barley, Rye, Oats, Sorghum, Millet, Buckwheat, Rice, Lentils, Beans, Peas, Chickpeas, Flaxseed, Sunflowerseed, Rapeseed, Cottonseed, Sesame, Mustard, Linseed, Castor, Palm, Coconut, Copra, Rubber, Cocoa, Sugar, Molasses, Ethanol, Malt, Hops.

Table with columns: US METALS, IN THE METALS, two-sided activity was seen in the gold, silver and platinum, reports Drexel Burnham Lambert. Rows include Gold, Silver, Platinum, Palladium, Rhodium, Iridium, Osmium, Cobalt, Niobium, Tantalum, Zirconium, Hafnium, Niobium, Tantalum, Zirconium, Hafnium.

Table with columns: NEW YORK, GOLD 100 troy oz, \$/troy oz, Close, Previous, High/Low. Rows include Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Table with columns: NEW YORK, SILVER 100 troy oz, \$/troy oz, Close, Previous, High/Low. Rows include Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Table with columns: NEW YORK, COPPER 25,000 lb, cents/lb, Close, Previous, High/Low. Rows include Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Table with columns: CHICAGO, SOYBEANS 5,000 bu, cents/bushel, Close, Previous, High/Low. Rows include Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Table with columns: CHICAGO, SOYBEAN OIL 42,000 US gal, cents/US gal, Close, Previous, High/Low. Rows include Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Table with columns: CHICAGO, WHEAT 5,000 bu, cents/bushel, Close, Previous, High/Low. Rows include Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

Table with columns: CHICAGO, CORN 5,000 bu, cents/bushel, Close, Previous, High/Low. Rows include Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady after US data

THE US DOLLAR was steady after the latest US employment report pointed to stronger than expected economic growth...

said the dollar was supported at the lower levels by the strong growth in employment, which meant an immediate easing in monetary policy was unlikely...

adding that dollar-yen trading had been the most active in anticipation of the record \$30m quarterly refunding next week...

FINANCIAL FUTURES AND OPTIONS

Table with columns for Futures and Options prices for various commodities like Soybeans, Wheat, and Corn.

Table with columns for Futures and Options prices for various currencies like Sterling, Swiss Franc, and Japanese Yen.

Table with columns for Futures and Options prices for various metals like Gold, Silver, and Platinum.

Table with columns for Futures and Options prices for various energy products like Oil, Gas, and Coal.

£ IN NEW YORK

Table showing exchange rates for various currencies against the US Dollar.

DOLLAR SPOT - FORWARD AGAINST THE POUND

Table showing forward rates for the Dollar against the Pound for various terms.

Table showing forward rates for various currencies against the Dollar.

CURRENCY RATES

Table showing current exchange rates for various currencies.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing forward rates for the Pound against the Pound (likely a typo for another currency).

EMS EUROPEAN CURRENCY UNIT RATES

Table showing exchange rates for various European currencies.

OTHER CURRENCIES

Table showing exchange rates for various other currencies.

EXCHANGE CROSS RATES

Table showing cross-exchange rates between various currencies.

FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT. A guide to world currencies and their movements.

FORWARD RATES AGAINST STERLING

Table showing forward rates for various currencies against the Sterling.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies in London.

MONEY MARKETS

UK rates steady. UK money market rates were steady yesterday as sterling recovered after its decline on Thursday...

NEW YORK

Table showing money market rates in New York.

LONDON MONEY RATES

Table showing money market rates in London.

UK sterling bank base lending rate

15 per cent from October 5. The Bank of England has raised its base lending rate to 15 per cent...

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DIVIDENDS ANNOUNCED

Table listing companies and their announced dividends.

LONDON RECENT ISSUES

Table listing recent issues in the London market.

RIGHTS OFFERS

Table listing rights offers for various companies.

FIXED INTEREST STOCKS

Table listing fixed interest stocks and their yields.

TRADITIONAL OPTIONS

Table listing traditional options and their prices.

LONDON TRADED OPTIONS

Table listing London traded options for various stocks.

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FT-SE INDEX (2500) 2500.00

LONDON STOCK EXCHANGE

Advance resumed but turnover poor

THE RECOVERY in the UK stock market was resumed yesterday but equity turnover stayed at a low level...

Account Dealing Dates table with columns for dates and account types.

fall, the domestic institutions are still unwilling to sell stock. The market's fear has been that a fall in sterling could precipitate foreign selling of equities...

Yesterday to the whispers of an impending share trading scandal. There was demand yesterday for the banking sector stocks which have been overlooked...

The somewhat flat ending to the Jaguar bid story, with General Motors leaving the fray, has deprived the equity market of what had promised to be a giant auction.

At the close, the FT-SE Index was 19 points ahead at 2,173.1, making a total gain on the week of 91 points. Daily gains of 30 points on Monday and Tuesday set the tone for the market this week...

Hillsdown against the trend

Hillsdown put in one of the worst performances of the day among FT-SE stocks as the market caught whiff of a profit-taking downdraft...

mid-session which took prices sharply higher by the close. Dealers said that the sector was driven by the emergence of a short position among marketmakers.

Mr Robert Law, of the banks team at Shearson Lehman Hutton, said he was looking for "healthy underlying profits at the full-year stage, along with strong dividend growth for all the banks except Midland."

emerged, SHV, which has bought SHV, the privately owned Dutch group, increases its stake to 7.5 per cent, closed a net 15 up at 82 1/2 pence...

Premier, where Burmah is sitting on a 29.9 per cent holding and where SHV is thought to have a holding of around 4.3 per cent, moved up 3 1/2 to 111 1/2 pence...

FT-A All-Share Index 1250 1150 1050 950 850 750 650 550 450 350 250 150 50 0

Turnover by volume (million) 800 600 400 200 0

shares touched a high yesterday of 79 1/2, before closing a net 12 better at 79 1/2. Turnover was a strong 1.1m shares.

Years of stronger competition were behind Reuters' fall in the wake of news that rival Telrat had agreed to be bought by Dow Jones.

BAA in demand

Recent interest in BAA, operator of British airports, on the back of Ford's effective takeover of Jaguar, continued to help the shares.

Glaxo continued to be sought after ahead of next week's annual meeting and scrip issue. "No one wants to sell them in front of the split," said one dealer...

Enterprise Oil, which next week begins its high risk/reward drilling programme off the coast of Vietnam, and which, if successful, could add from 60p to 150p a share...

Western Motor Holdings which fell to 47 1/2 pence as the plans by the bulk of the board of directors for a management buyout was abandoned...

Carlton Communications held its ground at higher levels after, two days of rises on confirmation that it intends to sell its Cosworth Engineering engine maker.

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for various companies in 1989.

RISES AND FALLS

Table showing rises and falls for various sectors like British Funds, Corporate, Industrial, etc.

WEEK IN THE MARKETS

Sugar climbs to 15-month high

THE SUGAR market adopted a higher profile this week as concern about Brazil's ability to meet export commitments lifted prices out of their recent narrow trading range.

Monday that the presidents of Brazil, Colombia and several Central American producing countries had agreed on basic proposals for the resumption of the quota system, abandoned in July after an abortive attempt to renegotiate the International Coffee Agreement.

members of the trade on Tuesday that he was in London to look for a way to boost the price of cocoa, which does little more than stagnate at around 2700 a tonne.

Exchange all base metals prices finished lower on the week. The biggest setback was cash tin's 485 pence fall to 37,175 a tonne, but that was after a 40 rally from the 16-of-contrary.

Mr Dale Fishburne, chief executive of UK and European operations at THE VPI GROUP, has been appointed to the board of the holding company.

FINANCIAL TIMES STOCK INDICES table with columns for Govt Secs, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, etc.

GILT EDGED ACTIVITY table with columns for Gilt-Edged Bargains, 5-Day Average, etc.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks like Shell, BP, British Telecom, etc.

hands by the close, about the number Pembroke needed to gain control of the company. The telecoms issues made modest progress after the mobile communications conference held at the London office of securities house Kleinwort Benson.

group, had been back in the market to increase its holding in Sun Life. Yesterday UAP said it had bought a further 1.14m shares, or 1.87 per cent, in Sun Life, thereby increasing its holding to 24.59 per cent.

£200m, Royals £220m to £152m and Sun Alliance £390m to £352m. Commercial Union closed a penny easier at 450p.

LEADERS AND LAGGARDS

Table showing percentage changes since December 30 1988 based on Thursday November 2 1989.

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bonds with columns for Coupon, Yield, etc.

APPOINTMENTS

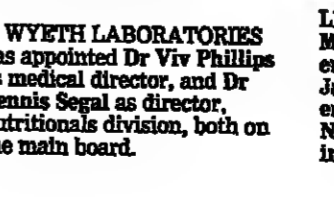
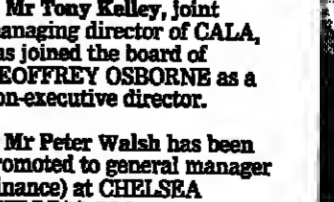
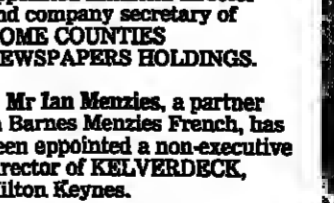
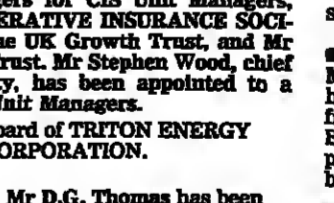
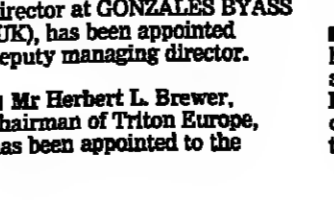
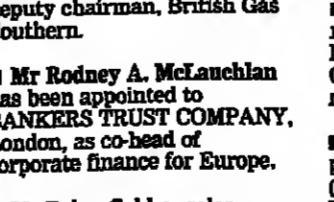
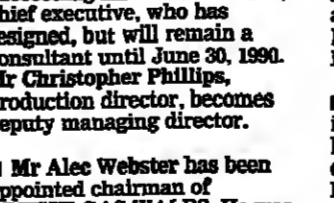
Mr Robert Blain (left) and Mr Philip Devereil-Smith (right) have been appointed investment managers for CIS Unit Managers, unit trust subsidiary of the CO-OPERATIVE INSURANCE SOCIETY.

Head of swaps at BZW

BARCLAYS de ZOEET WADD has appointed Mr Alan Wood as head of swaps. He was head of swaps in North America, where he is succeeded by Mr Paul White, head of swaps trading in New York.

NABARRO NATHANSON

NABARRO NATHANSON has appointed Mr John Heller as its first full-time managing partner. He has been with the firm since 1976, and a partner since 1982.



FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including names like Abbey Unit Trust, Abn-Amco, and Abn-Amco, with columns for price and other details.

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GUIDE TO UNIT TRUST PRICING. INITIAL CHARGES. The initial charge is the fee payable to the trustee at the time of purchase. It is expressed as a percentage of the net asset value of the unit.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

INSURANCES section listing various insurance policies and their details.

OTHER UK UNIT TRUSTS section listing various unit trusts and their details.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

LOM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, and % Change.

LONDON SHARE SERVICE

Table of London Share Service, listing various shares and funds with columns for Name, Price, and % Change.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing various international bonds and rail securities.

AMERICANS

Table of Americans, listing various American stocks and funds.

INT. BANK AND O/S

Table of International Bank and Overseas funds.

CORPORATION LOANS

Table of Corporation Loans, listing various corporate loan funds.

COMMONWEALTH & AFRICAN FUNDS

Table of Commonwealth & African Funds, listing various funds focused on these regions.

Public Board and

Table of Public Board and related information.

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OFFSHORE INSURANCES

Table of Offshore Insurances, listing various insurance products.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds, listing various international investment funds.

Money Market Trust Funds

Table of Money Market Trust Funds, listing various short-term investment funds.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing various high-interest banking options.

UNIT TRUST

Text providing information about Unit Trusts, including details on how they work and their benefits.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

AMERICANS - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

CANADIANS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

BANKS, HP & LEASING. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

BEERS, WINES & SPIRITS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

BUILDING, TIMBER, ROADS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

BUILDING, TIMBER, ROADS - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

CHEMICALS, PLASTICS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

DRAPERY AND STORES. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

DRAPERY AND STORES - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

ENGINEERING. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

DRAPERY AND STORES - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

ELECTRICALS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

ENGINEERING - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

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ENGINEERING - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

INDUSTRIALS (Miscel J) - Contd. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

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FOOD, GROCERIES, ETC. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

HOTELS AND CATERERS. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

INDUSTRIALS (Miscel J). Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

INSURANCES. Table with columns: 1989 High, 1989 Low, Stock, Price, % Chg, Div, Yield, P/E, etc.

How the City put its house in order

THIRTY YEARS ago this week saw the publication of Notes on Amalgamations of British Businesses, the City of London's first public attempt to control takeovers and an important step because it averted the intrusion of statutory regulation into City activities...

Richard Roberts reveals how, 30 years ago, the City of London attempted to control the first rash of takeovers and stave off the threat of statutory regulation

rumours had entered the repertoire of takeovers. The introduction to the Notes on Amalgamations explained that "a combination of abnormal circumstances, particularly the rapid fall in the value of money, the high level of taxation and distortion of normal economic factors through government action have tended to make amalgamation and acquisition more than usually attractive..."

The other important factor was the absence of any controls on takeovers, save for minimal requirements of the Companies Acts and the legislation to prevent fraud. Of course, there were informal rules of gentlemanly good conduct, but these could be swept aside - so long as a bidder was prepared to put up with the ensuing opprobrium...



Paul Slater

means to do so was soon found. In December 1951, the Chancellor had issued a "request" to the clearing banks not to finance "speculation" in securities. On December 3 1953, the Governor of the Bank of England, Cameron Cobbold, reminded the banking and insurance industries of the Chancellor's request of two years earlier...

American banks as sources of finance for recent controversial bids. A few days later, Cobbold received a letter which amounted to a remarkable collective supplication by the American banks in London, assuring him that they were "glad to co-operate and to be guided by the wishes which had been expressed..."

The Long View Shallow waters for H2O owners



The Government has played a numbers game with the wider share ownership statistics, but in a vital respect the trend is adverse

IT'S ALMOST privatisation time again. This week the Government brushed aside the objections, published the pathfinder prospectus and pressed on with the quest for wider H2O ownership. Well over 3m people have been asked for preferential treatment. But just where is the Government's campaign for popular capitalism going?

regarded with suspicion by the incoming radical Tories as symbols of collectivism and the hated corporate state, held a little more than 50 per cent. Despite all the Government's promotional zeal, private ownership has subsequently contracted. The proportion is certainly now under 20 per cent, and I have seen an estimate as low as 12 per cent. Institutional ownership, meanwhile, has expanded to near 70 per cent.

But as from this year half the money can go into unit trusts or investment trusts, and it can be assumed that most of the money subscribed will in fact be depersonalised in this way. Moreover, the departure of Nigel Lawson, who presided over the troubled launch of PEPs, casts a shadow over their future.

It can be seen in the US too, where private investors have been heavy net sellers of common stocks during the past five years. It is possible to see something of a vicious circle. When the stock markets become more institutionalised they become more dangerous places for small investors as professional fund managers play increasingly sophisticated global games on computers.

of generally loyal (and ignorant) small shareholders by fickle (but informed) professional fund managers: the Confederation of British Industry has set up a task force to find ways of encouraging personal shareholdings. The securities industry and the corporate sector certainly need some fresh ideas. It is one of the problems that the Ordinary share is not a very suitable instrument for the private saver?

CONTENTS

Table with 4 columns: Page number, Title, Page number, Title. Includes: Finances: Poll tax and you, How to Spend It: Charity shopping, Motoring: Clever cars, Travel: Luxury yachting, Collectings: British art, Sports: Rugby and soccer, Arts: Gardening, How to Spend It, Small Businesses, Sport, Stock Markets, New York, Travel, TV and Radio, Wine.

seized upon the issue. They castigated economic gang warfare that has no regard to the interest of the nation, and alleged that bidders were guilty of tax avoidance on a massive scale by converting potential profits into capital gains, which were then tax exempt. At the end of June there was a debate on the issue in the Commons on an Opposition motion in which the attack was led by Harold Wilson, the shadow Chancellor...

Affair, which involved takeover malpractice and the misuse of building society funds, led, in Cobbold's words, to a "song and dance about takeover bids." Yet so secretive were the deliberations of the City Working Party that no mention of its existence appeared in the press until mid-October, three months after the original meeting of the Advisory Committee. A fortnight later, the fruit of its labours was publicly unveiled. The Notes on Amalgamations was an anonymous pamphlet which was available from the Secretary of the Issuing Houses Association, priced at eight pence, comprised a brief history of amalgamations and acquisitions among British companies - the word "takeover" was deliberately not used, since it was considered to be pejorative - and lists of principles and procedures.

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Who has to pay? How much will it cost? What if I have two homes? Sara Webb provides answers to community charge questions

Poll tax and you



AN ESTIMATED 57m people should by now have registered for the community charge...

live somewhere for it to be counted as your residence? There is no minimum residence limit...

live somewhere for it to be counted as your residence? There is no minimum residence limit...

Community Charge Officer. Otherwise a civil penalty of £50 can be imposed. How can the authorities catch up with me?

does not pay (or if you do not pay for her), that counts as evasion. Who would I be liable to pay for?

between people in the same house, dates of birth, telephone numbers, the ratepayers' previous addresses and proposed method of payment.

What are the legal loopholes? If I am married and have a house in London and in the country, will it be possible to escape paying the tax twice by me registering one house as my permanent residence...

poll tax assessment treats the property as if it were occupied by two adults, and I have to pay more than twice the former rates. Is the assessment correct? Can I appeal?

What if I cannot occupy my house for a few months because it is being rebuilt, or is unsafe to inhabit? I'm staying with my relatives - do I have to register with them now?

There is a three-month charge-free period for people who move out and leave the property unoccupied. The council can extend this period at its discretion.

If the landlord normally pays the rates, obviously he will no longer have to do so; the tenant will have to pay his or her own poll tax.

As well as the personal charge, you may have to pay a standard charge on other homes which you own or rent.

People who are severely mentally impaired are also exempt. So are members of certain religious orders and persons of no fixed abode.

Can I get a rebate? You may receive rebates of up to 80 per cent if you are unable to afford to pay the full amount.

John Edwards on rising investment rates Xtra from Halifax

AFTER THE fixed-rate mortgage, the Halifax Building Society is now offering fixed-rate savings. Called the Monthly Income Xtra account, it guarantees to pay a specified amount of regular monthly income...

However, it is worth shopping around, since virtually all the banks and building societies have now raised their deposit interest rates.

over £40,000. Bradford & Bingley guarantees that the interest rate on its Maximiser Elite account will be at least 4.75 per cent above its new ordinary account rate of 6.75 per cent until October 31 next year.

Boost for National Savings Wooring the borrowers

MORTGAGE lenders are doing their best to play down the spectre of higher interest rates by introducing a series of special offers, mainly for new borrowers or first-time buyers.

discount for new borrowers on endowment mortgages for six months. Also on offer is a three-year fixed-rate loan at 13.5 per cent (14.5 per cent APR), including a £100 arrangement fee.

gave, funded by wholesale money through UMC, by only 0.5 per cent to 13.95 per cent. Other lenders increasing their rates well above 15 per cent include the specialist companies Household Mortgage Corporation and the Mortgage Corporation.

MIM BRITANNIA TAXHAVEN FROM THE PEP EXPERTS

There's still time to invest before 31st December. (But only just!) A unique tax loophole allows you to invest up to £7,800 for tax free profits. (£15,600 for couples).

INVEST WITH THE PEP EXPERTS MIM Britannia are market leaders in PEPs. Last year we topped the Daily Telegraph's 1988 PEP League Table with our Special Situations PEP via MIM Limited...

IT'S EASY TO TAKE FULL ADVANTAGE WITH TAXHAVEN * TAXHAVEN is a share PEP which invests directly into UK shares for COMPLETELY TAX FREE INVESTMENT PROFITS.

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FINANCE & THE FAMILY

THE WEEK AHEAD

Harder times for oil majors

THE SHARES of British Petroleum and Shell Transport & Trading have done better recently than the rest of the stock market because they are seen as defensive in the face of a weak UK economy...

petitors, Unilever's food business is unlikely to have been affected by the salmonella and listeria scares...

Third, and perhaps most important as it illustrates the second-half potential, the opening of a new distribution centre in August disrupted manufacturing and warehousing...

For The Rack, the question is how much damage was inflicted by the London transport strikes and by the economic-unfriendly weather...

However, Homebase, the do-it-yourself chain, is unlikely to have escaped problems elsewhere in the sector and the non-food side of Sainsbury, now wholly-owned by Sainsbury, will probably have seen dull sales.

Sainsbury has been in the habit of announcing profits up by 20 per cent but these figures for the half year to September 30...

However, Homebase, the do-it-yourself chain, is unlikely to have escaped problems elsewhere in the sector...

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COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company, Value of bid for, Market price, Price before bid, Value of bid, Bidder. Lists various companies like Armstrong Eq, Brestech Com, Caradon, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Earnings, Dividends. Lists companies like Aberdeen, AC Holdings, Ashley Group, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit, Interim dividends. Lists companies like Alpine Group, Apricot Computers, Arax, etc.

RESULTS DUE

Table with columns: Company, Announcement date, Dividend, Last year, This year. Lists companies like Albion, Albion Food, Albion Paper, etc.

RIGHTS ISSUES

Bourneville Singapore is to raise £3.1m via a one-for-one rights issue at 30p. Crossroads Oil Group is to raise up to £370,000 via a two-for-45 rights issue at 15p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Air London International is to join the USM via a placing of 2.67m shares at 75p. Cupid has graduated from the Third Market to the USM.

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Form for requesting details of the Baillie Gifford Investment Trust Savings Scheme, including fields for Name, Address, and Postcode.

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Advertisement for the new Dealing Plan PEP from Save & Prosper, highlighting tax-free benefits and investment options.

Form for ordering the Dealing Plan PEP, including contact information for The Investment House.

Jim McCallum looks at a way of hedging your investments

Take stock of traded options

THE ROLLER-coaster ride embayed by the stock market must have left some shareholders wondering if there was any way of protecting their investment. Indeed, many will have considered selling up and putting the proceeds on deposit in case share prices plummet. After all, a stagnant or bear market would not appear to be the place for the private investor.



Where the action is: market makers and traders in the London Traded Options Market

According to Tony de Guingand, director of the London Traded Options Market, "Traded options are not inherently risky, and for investors with an existing equity portfolio, they are the ideal risk management tool."

A traded option, as the name suggests, carries the right to buy or sell shares at a fixed price at any time during the life of the option.

A put option, for example, which gives you the right - but not the obligation - to sell shares at a particular level, is like an insurance policy," says James Butcher, of Sheppards, a stockbroker with a strong specialist options department.

Unfortunately, options are not of great use to investors who want to hedge less than 1,000 shares, since one London options market contract is normally equal to 1,000 shares. But for the investor with around £10,000 in an individual share, options may be worth a second look.

Take the example of an investor who has shares that would fall. He might consider buying a put option. Say he held 3,000 Hanson shares, which were trading at 220p on the stock market, but he believed they could fall to 190p by January, when the shares would fall. He might consider buying a put option. Say he held 3,000 Hanson shares, which were trading at 220p on the stock market, but he believed they could fall to 190p by January, when the shares would fall.

One possibility is that he could exercise his right to sell his shares at 220p. Alternatively, and more usually, he could sell his option, since a fall in Hanson's share price

would boost the value of the put option. In this example, the option premium would have increased to around 50p, allowing the investor to sell his option back into the market for a profit of £255 (17 1/2 p x 1,000 x 3) to compensate for the £900 (30p x 3,000) loss on the underlying share.

The downside is that if the price of the Hanson shares did not fall, the investor would not have spent £375 in vain. As with all forms of insurance, if nothing is damaged no claim is made and the premium is lost.

You can also use FT-SE 100 (Footsie) share index options to protect yourself against a general drop in the market, while at the same time retaining ownership of your portfolio of shares and avoiding a possible liability of capital gains tax.

If you take the view that the market as a whole is not too good, or are nervous about the short-term outlook, you buy Footsie put options, which will gain in value if the market moves lower.

For example, in the middle of September when the FT-SE index was at 2,400, and if you had been worried that a 10 per cent fall by Christmas was likely, you could have bought December FT-SE 2,400 puts. An investor with a £100,000 portfolio of shares would need to have bought five puts (5 x 2,400 x £10) to be fully covered against such a fall. The calculation here is slightly more complicated, as each contract represents equities to the value

of £10 multiplied by the Footsie index level.

As the premium in mid-September was 68p, the cost of this insurance would be £3,400 (50p x £10 x 5). Since September, the FT-SE index has indeed fallen 10.5 per cent to around 2,150. The FT-SE December put premiums have increased to 280p, and the options are now worth £14,000 (280p x £10 x 5). Hence, the investor has made a profit of £10,600 (£14,000 - £3,400). Once dealing costs are included this almost exactly balances out the £10,500 loss the investors' portfolio has sustained but of course the shareholder still has his equity.

Another defensive alternative for a share holder is to "write" or sell a call option. This gives the investor protection against a limited fall in a share's value and the opportunity to generate a profit in a static market. However, it is important to understand that if you are a call writer you are selling someone the right to buy your shares at a given price. So while you may make a profit if the shares are below that level when the option expires, if they are above, you will be obliged to sell shares at that lower level.

"Call writing is a conservative strategy provided you own the underlying stock. If you don't own the underlying shares, it is highly speculative as it potentially incurs unlimited liability. This is known as naked writing," says Butcher. He warns that it is worth sticking to several simple

rules. "Keep to simple strategies. Leave the complicated trades to the institutions. Know your liabilities. Never over-extend yourself. And be fully covered, that is don't sell what you don't have."

De Guingand points out: "Investors wishing to use the London Traded Options Market, should remember that if they stick to buying options, either puts or calls, they do not have to deal in the underlying stocks themselves, unless they choose to do so. Furthermore, the risk is limited to the amount paid for the option."

Indeed, the ease of using options to gain access to large blocks of shares with small amounts of capital makes speculation far easier and cheaper than trading in the stock market, particularly for small investors. If the stock market is suddenly set alight by a takeover, the leverage involved in options means you often can make a lot of money in percentage terms on your original stake. However, you are more likely to lose your premium,

unless there is a strong movement in prices, since the spread - the gap between the buying and selling price of an option - is often very wide and has to be made up before you start to make any money.

Much publicity was given after the 1987 stockmarket crash to one investor who lost more than £1m by being allowed to "write" put or sell options without owning the underlying stock. This was very profitable while the market was moving steadily upwards, but it is an extremely dangerous practice as the collapse highlighted in dramatic fashion.

De Guingand says: "If you wish to write options and receive premium, you are strongly advised to ensure that you are fully covered, either by owning the underlying stock if you are writing calls, or by ensuring you have sufficient cash available to purchase the stock if you wish to write puts."

Remember that if you are interested in using the options market you will need to contact a broker well in advance of actually doing business: the broker will then send you documents, one of which details the risks of options dealing, you will have to sign. Only when that is returned to the broker can you trade.

Prices of London traded options are listed every day in the Financial Times and include the different time periods available. Mid prices are quoted, that is the difference between the offer and bid, so you should check the extent of the spread first. Further information can be obtained direct from the market, which provides explanatory promotional material free of charge, including a list of the brokers dealing in options.

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John Edwards looks at some new offers

Pep for PEPs

COMPETITION IN the personal equity plan market is hotting up.

One of the latest challengers, Perpetual, has created a new PEP unit trust where the initial charge is reduced to only 2.25 per cent by giving a 3 per cent discount - and the annual management fee is a low 1 per cent.

At the same time, Perpetual is offering direct share purchase PEPs, with no initial charges. Its Managed Portfolio PEP, where Perpetual chooses from a list of designated investments of at least 20 major UK companies has a 1 per cent annual charge, but the share dealing commission is only 0.2 per cent.

Under the Personal Selection version, which is a bit of a misnomer in that investors are only allowed to choose shares from the list of designated investments, there is no management fee but the share dealing commission is 1.5 per cent. In addition there is a dividend collection fee of £1.50.

The Perpetual PEP Growth and Income Fund is designed to comply with the PEP regulations that at least 75 per cent of the holdings must be held in UK equities. However, the units in the fund are accumulation units, so you do not receive any income since the dividends are reinvested.

Minimum investment in the PEP scheme is £500, and there is a regular savings alterna-

tive, with a minimum of £20 a month, for investments into the unit trust.

Meanwhile, Fidelity has fulfilled its earlier pledge that it would introduce a direct share purchase PEP. In addition to the unit-trust-only PEP it introduced in June, so that investors can use the full investment entitlement of £4,800 instead of being confined to the £2,400 maximum permitted for unit trusts.

In fact, each of the three discretionary schemes on offer - Aggressive Growth, Defensive Growth, and Balanced - put the first £2,400 into a Fidelity unit trust (Special Situations and/or Growth plus income trust) while the balance is invested in eight to ten UK shares.

Costs are at the top end of the scale, with an initial charge of 5.25 per cent, plus an annual management fee of 1.25 per cent. However, the dealing charges within the direct share element have at least been kept at a reasonably competitive level of 0.5 per cent.

However, Fidelity is giving a 1 per cent discount on all £4,800 PEPs taken out between November 1 and December 31, and a discount of 2 per cent to its existing unit trust holders "topping up" to £4,800.

There is little choice in the amount that can be invested. You can invest only lump sums either of £2,400, which automatically is put into a unit trust scheme, or the whole

£4,800. With this restriction it is not surprising that Fidelity has not attracted a great deal of support for its unit trust only PEP so far, in spite of the group's good performance track record.

Sun Life is moving in the opposite direction by introducing a regular savings version for PEP schemes. It will now be possible to invest between £50 and £200 a month in the unit-trust-only version, and between £200 and £400 in the "share basket" PEP, which has a portfolio of at least five shares.

Meanwhile, last week's article in Weekend FT on the Best PEP Advice has aroused some criticism from companies, who claim the assessment of their charges is unfair.

Credit Suisse Buckmaster & Moore, which was ranked as one of the highest charging managers, says that worse figures were used. So does CCF Foster Braithwaite. Rayker Securities is also upset by the method of calculation and assumptions made, which it alleges produces an inaccurate picture.

John Spiers, of Best PEP Advice, says revised figures have been calculated for three companies: CCF Foster Braithwaite, Buckmaster & Moore, and Broker Financial Services. But, in the main, he says most critics do not appear to have understood the way the figures were compiled.



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NU joins index funds

NORWICH UNION is the latest group to enter the expanding market for indexation funds with the launch this week of the Norwich UK Index Tracking Trust.

The name of this trust is not only uninspiring, but is also technically incorrect. The new trust is a full replication fund holding all the 698 stocks in the FT-Actuaries All-Share Index. There will be no attempt at holding a smaller number of stocks on a sampling system - the underlying principle of a true tracker fund.

Full replication can only be made if the underlying fund is sufficiently large. So Norwich Union is committing £50m of its main life fund to the tracking trust to get the volume started.

Somewhat strangely, Norwich is pitching the minimum investment at the

high level of £100,000, with £10,000 as the minimum additional investment.

It admits that it is after the high net worth investor and the smaller pension fund, where there is a need to create an indexed core holding in the portfolio, rather than the ordinary investor.

This move by Norwich is rather out of keeping with its general approach to investment, which has been that of strong, active, aggressive, balanced management.

The charging structure is strange - an ultra-high 6 per cent initial and a low 0.2 per cent annual. An initial charge of 6 per cent would be somewhat high on a UK general equity fund with a minimum investment of £1,000. On an index fund with a minimum investment of £100,000 it seems ridiculous.

However, Norwich Union says that substantial discounts on the initial charge are available for larger investment sums. The indications are that the initial charge will usually be negotiable, with 6 per cent as the starting point.

To show that Norwich Union has not entirely abandoned active investment management, it is also launching a conventional Norwich North American Smaller Companies Trust, where the minimum investment is £500, the initial charge is again 6 per cent, and the annual charge is 1.35 per cent.

An index core holding of £50m in a life fund of £120m is not likely to have much effect on NU's ability to maintain its top with-profit bonus performance.

Eric Short

FINANCE & THE FAMILY

Richard Waters on the collapse of an indemnity insurance scheme
So you think you're protected

IF YOU lose money as a result of your financial adviser's negligence, how well protected are you? Less so than you think you are. Following the collapse of a compulsory professional indemnity insurance scheme this week.

The scheme, which was to cover the 3,200 independent financial advisers belonging to the Financial Intermediaries, Managers and Brokers Regulatory Association, was meant to come into force on November 1. It would have covered claims of up to £100,000 (with an option to raise this to £250,000) arising out of the negligence of an adviser.

The scheme collapsed at the 11th hour when Fimbra fell out with its underwriter over a dispute about the extent of the insurance cover to be provided. Details of the terms of the protection for investors has not materialised.

Fimbra has said that it still believes in PI (professional indemnity insurance) and will reconsider the topic. Meanwhile, just over half of Fimbra members already have PI cover which they took on voluntarily. Many more had applied to join the compulsory scheme, but it remains to be seen how



"I HOPE ALAN WALTERS IS WELL INSURED."

many of these will still take up the cover.

Accountants, lawyers and insurance brokers already have to carry PI which leaves other financial intermediaries the odd ones out.

Of course, investors still have the safety net of the compensation scheme set up under the Financial Services Act. However, there are a number of disadvantages with relying on this scheme. These include:

- It covers the first £30,000 of a claim and 90 per cent of the next £20,000 - in other words, a maximum of £48,000,

compared with the £100,000 minimum proposed for the Fimbra insurance cover.

- The compensation scheme pays out a maximum of £100m in any one year. That may sound like a lot, but a big failure such as that of Barlow Clowes could use up the £100m at one go, leaving nothing for other claimants in the same year. The City's regulators say that another Barlow Clowes is impossible - but regulators always say that after a big financial failure.
- Claims are only met by the compensation scheme if the investment adviser cannot pay up and is put into liquidation. With PI, the claim is paid by the insurers - allowing the adviser to carry on in business, and also speeding up the payout. Of course, as an investor you may not worry too much about the adviser going bust, provided you get your money back. Fimbra, though, claims that it is in investors' interests to have a healthy financial intermediaries sector.
- The compensation scheme covers the value of your investment at the time at which the adviser goes into liquidation. So, if it had fallen sharply due to some misdemeanour, the

loss in value would not be covered. The same is not true of PI.

On the other hand, PI has its drawbacks - most notably the fact that it does not cover claims where there has been fraud by a company's proprietors, or where the proprietors have misled their insurers.

The position of Investment and Pensions Advisory Service of Addlestone, Surrey, illustrates this. This was the firm which advised mainly retired people to put a total of more than £66m into Barlow Clowes, the investment group which collapsed last year. The company was wound up this week.

Investors had looked to the company's indemnity insurance policy for relief. However, it was revealed in court this week that the insurers are seeking to repudiate the policy, on the grounds that the company's directors withheld vital information from them.

Meanwhile, if you want to know whether or not your adviser has insurance cover, it should be disclosed in the "terms of business" letter all investment businesses are required to give their clients.

ETHICAL INVESTMENT is fairly big business in the UK alone an estimated £300m is currently invested according to ethical and environmental criteria. Now the Green movement wants to establish an environmental code of conduct for business which would encourage companies to clean up their act, thereby making a more favourable impression on both investors and consumers.

Such a code of conduct already exists in the US, where an estimated \$400m is invested on a "socially responsible basis." The scheme is in its infancy and is quite vague in its details. It is a code of conduct called the Valdez Principles (named after the Exxon Valdez disaster) which a tanker ran aground in the Alaskan sound). The idea is that companies should become signatories to the Valdez Principles. They are then given an annual "environmental audit" by an independent consultant to make sure they are sticking to its objectives.

The Valdez Principles include commitments to reduce pollution; to minimise the expenditure of water; to protect the environment; to improve energy efficiency; and to disclose incidents which harm the environment. Companies are expected to appoint a member of the board who is "qualified to represent environmental interests" and "conduct annual evaluations of progress in implementing

In search of a new ethic

these goals."

The idea is that companies which meet these requirements would be hailed as environmentally sound, thus attracting the green consumer and investor.

The principles were drawn up by CERES (the Coalition for Environmentally Responsible Economies) which consists of environmental groups in the US such as Friends of the Earth and the Wilderness Society, as well as investors such as the New York City and California state pension funds, which have an interest in socially responsible investment - as well as environmental financial clout.

The Green Alliance, an organisation working on environmental policy in the UK, wants to establish a similar code of conduct in the UK, although it believes that the task will prove easier than in the US because of the difficulty encountered here in obtaining sensitive information from companies.

EBIS, the Ethical Investment Research Information Service, already provides a screening service for investors who want to

know, for example, whether companies sell arms or do business with South Africa.

The Green Alliance now wants to encourage businesses to improve their company image by performing "environmental excellence auditing." Companies would have to disclose information about whether they had a strategy to improve energy efficiency, plans to reduce energy consumption, to introduce transport policies for staff in order to reduce traffic, or a programme to recycle materials.

The idea is to help investors (and consumers) make more informed decisions. Gordon Davidson, executive director of the Boston-based Social Investment Forum, which helped to set up the Valdez Principles, sees these as "a rating system for use by pension funds deciding where to put their money" as well as a "standard-setting board." He believes that environmental auditing will grow rapidly in the UK, following the example in the US. EBIS (Environmental Investment Research Information Service) publishes a directory of environmental consultants including those

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Quoted rate %	Compounded return for taxpayers at 25% 40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)	
CLEARING BANK						
Deposit account	4.50	4.80	6.88	monthly	1	0-7
High interest cheque	6.50	6.70	6.56	monthly	1	500-4,999
High interest cheque	8.00	8.30	8.84	monthly	1	5,000-9,999
High interest cheque	8.40	8.70	8.98	monthly	1	10,000-49,999
High interest cheque	8.50	8.20	7.38	monthly	1	50,000
BUILDING SOCIETY						
Ordinary share	8.00	8.09	4.87	half-yearly	1	1-200,000
High interest access	8.00	8.05	5.40	yearly	1	200
High interest access	8.25	8.25	6.60	yearly	1	2,000
High interest access	8.75	8.75	7.00	yearly	1	5,000
High interest access	9.00	9.00	7.20	yearly	1	10,000
90-day	9.00	9.20	7.26	half-yearly	1	500-9,999
90-day	9.45	9.57	7.74	half-yearly	1	10,000-24,999
90-day	10.00	10.25	8.20	half-yearly	1	25,000
NATIONAL SAVINGS						
Investment account	10.75	8.08	8.45	yearly	2	5-100,000
Income bonds	11.50	9.08	7.28	monthly	2	2,000-100,000
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.
34th issue*	7.50	7.50	7.50	not applic.	3	25-1,000
Yearly plan	7.50	7.50	7.50	not applic.	3	20-300/month
General extension	5.01	5.01	5.01	not applic.	3	-
MONEY MARKET ACCOUNT						
Schroder Wagg	10.75	11.51	9.85	monthly	1	2,500
Provincial Bank	11.05	11.28	9.27	monthly	1	1,000
UK GOVERNMENT STOCKS						
8pc Treasury 1981	12.46	10.54	9.07	half-yearly	4	-
8pc Treasury 1982	12.01	9.90	8.93	half-yearly	4	-
10.25pc Exchequer 1985	11.14	9.52	8.95	half-yearly	4	-
8pc Treasury 1980	11.74	10.95	10.48	half-yearly	4	-
8pc Treasury 1982	9.28	8.05	8.55	half-yearly	4	-
Index-linked 8pc 1982	8.79	6.94	8.54	half-yearly	2/4	-

*Lloyds Bank Halifax 90-day; Immediate access for balances over £5,000. †Special facility for extra £10,000. ‡Source: Phillips and Drew. §Assumes 5.5 per cent inflation rate. † Paid after deduction of composite rate tax. ‡ Paid gross. § Tax free. 4 Dividends paid after deduction of basic rate tax.

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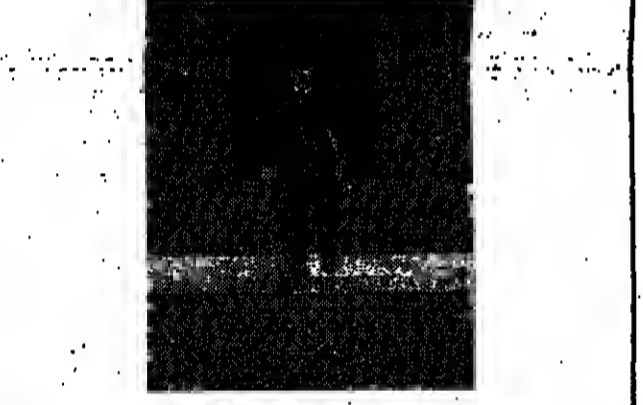


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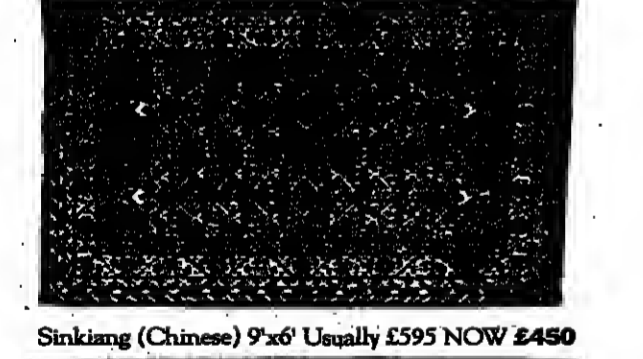
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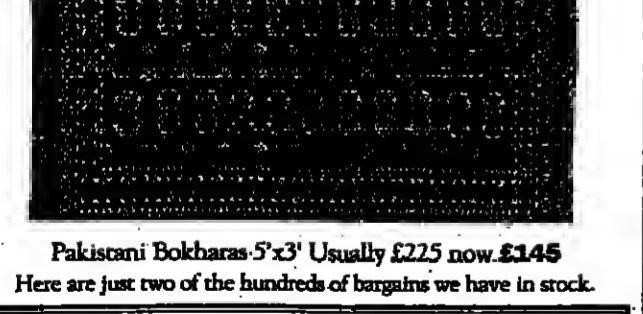


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COLLECTING

British art is right back in the frame

Home-grown works are gaining value, says Antony Thorncroft

DON'T PUT your faith in share certificates: spend your spare cash on a picture. That is the strenuous cry of the salerooms and dealers and they have managed to convince a growing number of the new rich to start collecting.

The most obvious market for their money is British art of the last 100 years; they are plentiful, they are reasonably cheap, they seem to be a good investment, they are understandable, and, damn it, they are British.

After years of self-abasement the feeling among the experts is that British art of the 20th century can hold its head up with anything from France or the US.

It doesn't yet match in price terms perhaps, but certainly in quality and variety.

So far, apart from patriots, only a few Americans have been convinced of this artistic flowering, and they prefer undemanding artists like Munnings, but one attraction of this lack of recognition is that you can buy a British minor masterpiece for a tenth of the price of an average French Post-Impressionist.

Christie's is selling one next March, a Resurrection Triptych by Stanley Spencer which should make £500,000, a record for him. In the meantime there are good sales next week at Sotheby's, Christie's and Phillips, and more sales are prospecting from selling Victorian paintings (out of favour) to explore the treasures among more recent British paintings.

Spencer is currently much appreciated and on Wednesday Sotheby's offers a good example of his almost manic religious obsession *The Sabbath Breakers*, estimated at up to £120,000. Janet Green, who heads the Modern British department at Sotheby's, reckons that the market is still buoyant, with prices at least 10 per cent up on a year ago.

Her most recent, second division, auction in September attracted 16 new buyers and next week's is one of her best with good examples by artists who have recently moved into fashion — Paul Nash, Ivon Hitchens, Matthew Smith from the 1930s and onwards, and Keith Vaughan and Carel Weight from the 1950s.

For example Carel Weight's impression of evening at Waltham Green in west London in the 1950s, which would have carried a £5,000 top estimate three years ago, is now expected to reach £20,000, and not only because Charles Saatchi has started to collect him.

And while one English school of painting, Newlyn,



St Stanley Spencer's "The Sabbath Breakers" which is expected to fetch £80,000 - £120,000 at auction

marks time (partly because investment buying over inflated the price of artists like Dorothea Sharp, but also because the best examples are now locked away in collections) a later flourishing centre, at St Ives, is in full flood. Fifteen abstracts by Patrick Heron and Terry Frost could sell for up to £25,000 and £15,000 respectively as against £5,000 or less in the mid 1960s.

Christie's on Thursday and Friday also offers much good stuff, including a group of early Munnings, painted in a free style before 1910, and much less expensive than his later work.

Another interesting collection is sent for sale by the School of American Ballet and includes a portrait by Lucia Freund of Lincoln Kirstein who founded the School in 1933 (estimate up to £50,000).

There are also good examples of paintings by fashionable artists such as Hitchens, Yeats (Irish art is the rage) and William Scott, all of whom

very pretty but when they topped £200,000 dozens materialised from nowhere and prices have eased. Other artists in over abundant supply include Bernard Dunston and Ken Howard.

Dealer Austin Desmond, which sells art mainly priced below £10,000, has notched up sales of £400,000 in the last six weeks. Its current show of Terry Frost's works on paper is over half sold out and, as Bill Desmond says, "we can't sell enough of Keith Vaughan."

At David Messum the current show of Wilfred de Glehn, an artist equally at home with landscapes and portraits, is also doing well, with ten of the 25 pictures sold, at prices from £25,500 to £125,000. Landscapes by de Glehn that fetched £15,000 four years ago now sell for £70,000 and a decorative portrait will show a greater appreciation.

Like many dealers Messum is moving on from Newlyn to trade in the British art of the 20s, 30s and 40s. To some extent the market depends on what is available: there is little from the short-lived and exclusive Camden Town School so in spite of its quality it will never be the rage, but Bloomsbury with profile and later artists like Hitchens and Lowry also had long and busy creative lives.

The market is out as buoyant as it was a year ago: it is certainly more selective, although loath to buy names rather than quality. For example a still life by Bloomsburyite Vanessa Bell painted near the end of her life in 1955 sold at Sotheby's in May for £12,500 as against just £4,500 for the same canvas a year earlier. To a specialist, aware of the superior quality of her earlier work, such a price seems almost shocking.

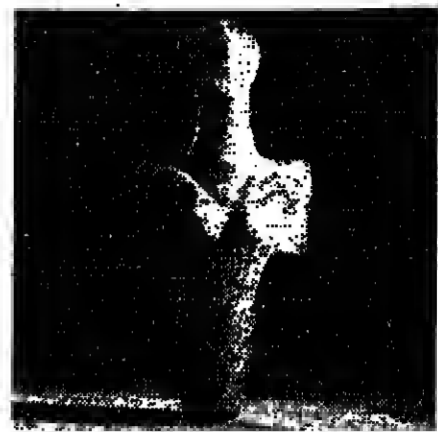
As for overlooked artists, Jonathan Dodd of Waterhouse & Deane, whose periodical, the Fine Art File, has become an effective sales weapon, points to the naive artists of the 1940s, whose world now fills us with nostalgia. A folksy painting "The Champion" by the unknown James W. Tucker, showing a man taking his monster cabbage to the annual show, sold recently at Sotheby's in Chester for £46,200 as against a £3,000 estimate.

As more collectors enter the field and trust their own judgment as good colourful paintings will win out over the more mundane output of the names. And if you want to take a gamble, the work of the Kitchen Sink School of the 1950s, (Graby & Co) is still cheap, especially their rather ugly nudes.

The Scottish colourists have temporarily peaked: flower paintings by Poploe may be

IDOLS

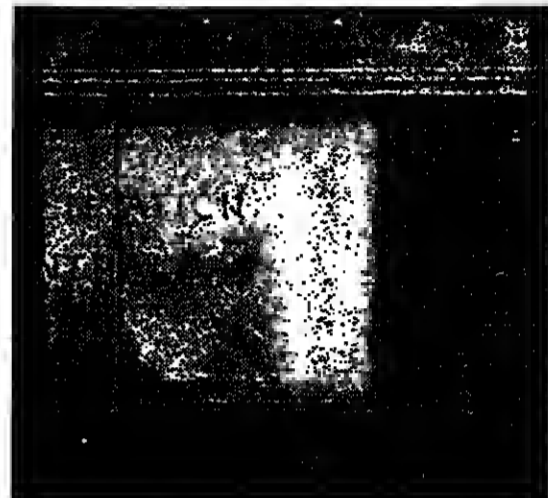
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PROPERTY

A job that sounds so easy to do

John Brennan looks at the work done by relocation agencies and businesses

IT SOUNDS so easy to do. People call and ask you to look for a house for them. You potter around to the estate agents, view the selection and draw up a shortlist. Your mover clients save many wasted inspection trips, and you not only make a little extra cash by using your local knowledge, but also provide a service that helps to ease the trauma of changing home.

This idealised image has won for homesearchers the right to appear in those excitingly-positive guides that promise: "Several Hundred Ways Of Making Extra Money Without Any Capital". It's anyone's guess how many people have entered the search business from one of those guides.

One reasonable certainty is that those whose only preparation for entry into the search business is to put an advertisement in a newspaper and sit hopefully by the telephone are unlikely to be included on Tad Zurlinden's list. Zurlinden, as the administrator and sole full-time official of the Association of Relocation Agents (ARA), does tend to twitch at the cartoon image of the totally amateur solo home-hunter.

Yet a fair number of the most active relocation agencies did start, and remain, as one or two-person, part-time businesses. It is not the size of the search group but its standards of competence that he is concerned about. "A lot of people think that it must be easy enough to set up a home search service as a part-time job that they can do from home," Zurlinden says. "In practice, the ones who have the greatest chance of success are those who already have some form of property-oriented background."

As for his list of would-be homesearchers, that extends to 620 people who have written, or telephoned, over the past 18 months asking him how to become a relocation agent. The inquiry rate has dropped off in line with the state of the housing market, yet he still reports receiving a couple of hundred "how-do-I-get-started?" calls since the beginning of this year.

would-be home hunters who may never have heard of the 3 1/2-year-old association, and the number who will have decided to plough along without Zurlinden's thoughts on the matter, being paid to help people find their ideal home has clearly fired many imaginations.

In Zurlinden's experience, a good proportion of inquiries are from mothers at home with children who see homesearch as a way of restarting a paid career. Another group are retired people who area keen to make use of their free time. Otherwise, says Zurlinden, "they run through the range of people with property connections of some sort: surveyors and solicitors, former estate agents, and former property management people."

Specific property experience helps for those interested in ARA membership. To join its lists, relocation consultants have to be able to show evidence of having traded competently already. "It is impossible now to become an associate member if you are totally green," says Zurlinden. Those who are accepted as associates get elected to full membership if they pass muster after being vetted by the ARA's Council, which is made up of active members.

"The ARA's roll is 80 associates and 85 full members," Zurlinden says. There were the same number of full members and just 60 associates last year. But the figures mask a wider change. Zurlinden says that in the past 18 months "we lost about 18 or 19 members and

but for tightening up of the rules by creating associate membership, there would have been about 100 or so extra members.

"A lot of those are people who would not have been trading for a long time and who came into relocation on the crest of the wave in 1987-88. Now that the crest has broken, and its not so easy to look for business, a good number of those are likely to have dropped out this year."

For the association, the loss of those short-lived relocators has been countered by drawing in people who have said: "We won't be a member of this association until it proves itself."

Zurlinden says: "We are beginning to draw in some of the people who have been at it for three, four or five years and

we are drawing in the corporate relocation management companies as well as the independents.

"Roughly half the ARA member businesses are either sole traders or two-partner operations; the rest are the company movers, the largest of whom can organise every aspect of a corporate relocation for the business on the move as well its staff. There is an obvious market for that end of the trade, although UK businesses have been slow to follow their US counterparts in reaching for an outside relocation specialist if they shift single staffer across country or abroad, or if they move an entire plant."

"In general," Zurlinden says, "relocation is still an unfamiliar service. Companies that

have used relocation agents to deal with re-housing staff, helping people to get information about an area before they move, about schools, and transport as well as housing, realise that it makes a move much easier all round."

Adding local knowledge to a long-distance home search can help to make sense of values. "People go rushing off thinking that they are going to get the most fantastic 'buy' and the relocation agent in the area is able to tell whether that house has been an amazing bargain for as long as people can remember."

Zurlinden estimates that there are between 400 and 500 relocation agencies across the country, although no one can say how many of those have been able to remain active through the quiet housing markets of 1989. There are two relocation agency organisations these days for those keen to track down a home-tracker, or keen to join their ranks.

An acrimonious split amongst the early members of ARA led to the formation last year of the Relocation Services Institute, which is smaller in terms of membership and which takes a higher profile approach to the need for professional training.

It may seem absurd to have two rival organisations representing a business that, in Britain, has barely advanced to the toddler stage, particularly since there are relocation groups that are members of both organisations. But the friction created by the ill-defined disagreements has helped to spark a mutual drive to improve and to police the standards of competence and service provided by their respective members.

So both clients, and the long-term reputation of the relocation business in the UK, have probably benefited from last year's mini civil war.

The RSI has four regional contacts: 0306-880220 in London and the south-east; 0568-5217 in the Midlands and Wales; 0225-4142 in the south and west; and 0423-872544 in the north and Scotland. Zurlinden's central office for ARA is at 105 Banover Street, Edinburgh, EH2 1DJ (Tel: 031-220-2605).

COUNTY Donegal's position at the north-eastern corner of Ireland makes it one of Europe's havens of historic property values, writes John Brennan.

The comparative isolation attracts as many as it deters although the county's long border with Ulster, and the fact that the geographical region's prime city wears two names, Derry or Londonderry (depending on which side of the political divide you stand), deters many more. Yet, as Pat O'Hagen, of Dublin agent Hamilton Osborne King, says: "While many people do get to thinking that anything North of Dublin is 'injun' country,' people in the county really don't come across any of that. If they are huying in Donegal, they do so to get away from it all - and it is one of the places where you can still do that."

Carrablah House, facing east to the inlet of Lough Swilly 10 miles from Carrablah on the Donegal coast, is a prime example of a classic six-bed Georgian country house. Its out-houses, walled gardens, private beach and cove stand in 80 acres of mainly wooded cliff-side. The beach can be used for longer than a cursory glance at the weather chart for Donegal might suggest because the lough benefits from the mild influence of the Gulf Stream. For that reason, it was possible for an Irish botanist to lay scenic gardens with azaleas and rhododendrons. Carrablah is now owned by a German family, which has modernised and redecorated the house. Now, Hamilton Osborne King (Dublin 760-251) and Sothely's International Realty (London 468-5196, New York 606-4100) are offering the freehold of the estate for £150,000.



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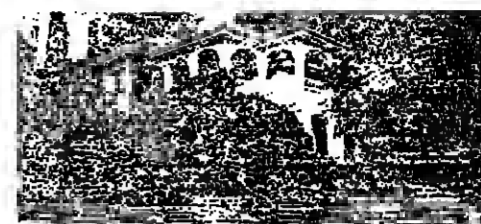
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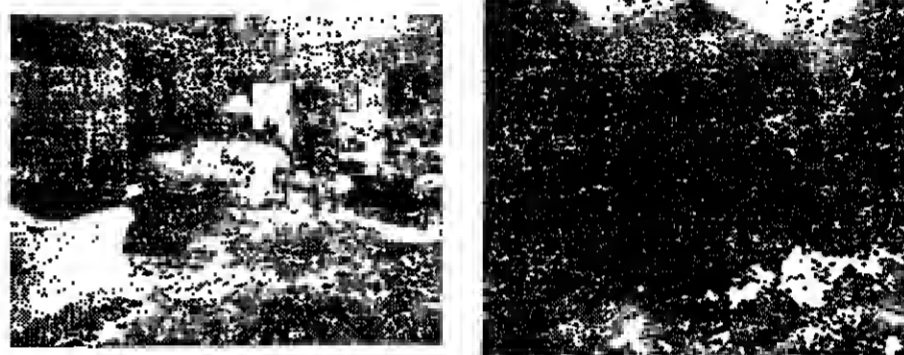
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BOOKS

An amateur venture into a dark interior

J.D.F. Jones reviews a biography of the explorer, H.M. Stanley



Stanley, with his gun-bearer and servant Kalulu

THE EXPLOITS of the Victorian explorers of Africa a century ago were the great bestsellers of the day. Their counterpart in the 1980s would be - what? An astronaut's autobiography? A TV personality's month among the rhinos?

Stanley: THE MAKING OF AN AFRICAN EXPLORER by Frank McLynn. Concise £17.95, 411 pages. Humiliated, unloved, despised and feeling himself the unworthy recipient of any apparent attention, Stanley constantly turned to African exploration as a means of re-establishing his identity.

does not do justice to Mr Hall; again and again his narrative is inferior (for instance, his scamped account of the four months on the Lower Congo when the exhausted party covered only 180 miles).

Wiping the egg off her face

LIFE LINES by Edwina Currie Sidgwick & Jackson £13.95, 270 pages



Edwina Currie: no good cliché left unclinked

"THE TELEPHONE rang, and rang again." The words are not, as you may think, the start of a Jeffrey Archer novel, but the first paragraph of Edwina Currie's autobiography.

touch of pomposity, arrogance or tactlessness we hear not much either from the secret soul of Edwina Currie herself. Wearisome accounts of departmental health campaigns, spattered with statistics, occupy eight of the ten chapters.

the evidence was already against them. Why did Mrs. Currie write this book? She says it was inspired by the routine exchange of letters on her resignation. In other words, it is a long essay in self-justification suspended from a footnote of modern political history.

When Guinness wasn't good

MORGAN GRENFELL 1838-1988: The biography of a merchant bank by Kathleen Burk Oxford £20.00, 348 pages

MORGAN Grenfell's 150th anniversary last year could hardly have come at a worse time. The merchant bank was swirling in the wash of two of the worst scandals it had ever known - Guinness and the Geoffrey Collier insider trading affair - and the celebrations were, to put it mildly, half-hearted.

her preface. The book is, thus, almost exclusively of historic interest, which is a further pity since few City institutions evolve and change quite so much as merchant banks, and many people without long City memories will be unable to connect the Morgan they read about here with the one they know today.

20th century phenomenon should know just how much business was conducted on the banks of temuous trans-Atlantic links 100 years ago. If there is a message in the book, it is that merchant banks know well, and remain, successful, so long as they are ready to adapt. Morgan thrived until the period between the wars through its ability to do new and daring deals.

But then under Sir John Stevens and his successor Mr Bill Mackworth-Yung, Morgan put on a fresh burst of speed and by the late 1970s had become one of the most highly regarded houses in the City. Significantly, the break up of the "family" ties with Morgan Guaranty and Morgan Stanley in the US in 1981 was no loss: if anything it forced Morgan to find its own feet in the world - which it duly needed, to cope with the events which were to engulf it in 1986.

HOMES OVERSEAS ADVERTISING appears every Saturday in the Weekend FT. For more information call Clive Booth on 01-873 4915

How to avoid feeling car sick.

(Read this before you buy a £20,000 luxury saloon.)

If you are about to buy a £20,000 car, you should first read an article which appeared in July's Performance Car Magazine.

It set out to discover what real people thought of the cars on offer and it found that when offered say £20,000 to buy a company car, most people have already made their minds up on what they want, and "BMW are perceived to be the user/chooser executive choice."

BMW themselves admit that over half of the people who buy their cars do not take a test drive beforehand. The magazine's own research suggests the figure to be nearer 75%.

So 48 people who might be in the market

drivers putting it first and the two that didn't putting it second."

Comments were all equally effusive. "At last, a real car. I want ooo oow..."

1.	Alfa Romeo 164 Lusso
- 2.	Saab 9000 CD turbo
- 2.	Ford Sierra Cosworth
4.	BMW 525i SE
5.	Audi 90 Quattro
6.	Rover Vitesse
7.	Jaguar XJ6 2.9
8.	Hooda Legeod

No one talked about the Alfa's image. "They liked it as a car, oot as a diooer party

Cosworth divided the testers between those who were enthusiastic about the engine and those who were put off by the hadge.

"It's still a plastic Ford Sierra," said ooe.

"Wheo driveo io the wet, it serves as a coostant aod ooisy reminder of ooe's own mortality," summed up another.

No one was wiidly enthusiastic about the Audi 90 Quattro's engine, with one person saying it needs more guts.

Sadly, the Honda Legend suffered most. One tester said "it was like being in ao old people's home," and "it should have stayed io Japan," while someone else said he'd "rather have a moped."

The magazine concluded that people's image of a car was often very different from the reality.

"People had conspicuously high hopes of the Audi (thacks to rallyiog), of the Honda (thanks to Formula Ooe), and of the BMW (thanks to ail sorts of things); hut, at the end of the day, each of those products failed to live up to the picture the imagination had painted."

The Alfa Romeo 164 was judged and won largely on techoical merit.

(Hardly surprising, when you consider it offers ABS, air conditiooog, a compact disc player and a 3-year unlimited mileage warranty for under £22,000.)

"This would be very good news..." observed Performance Car "... If only (Alfa Romeo) could get people to take test drives before making a decisioo." The moral of the story is obvious.

A little research into what your money can buy should prevent aoy car sickness io the future. Especially if you include io your test drive the oew Alfa Romeo 164 automatic; a car which has also prompted rave reviews from motoring journalists.

For iostance, the Mail on Sunday claimed that "the four-speed automatic is...one of the sweetest I have tested." While the Sunday Express foud it to be "a joy to use uoder all conditions."

The most poetic reaction however, came from the Financial Times: "From a standstill to whatever speed ooe's cooscience allowed, the automatic 164's power flowed as smoothly as double cream pouring oo to strawberries."

For more ioformation, complete the coupoo and send it to Alfa Romeo (GB) Limited, FREPOST, Poulton Close, Dover, Kent CT17 0HP, or phone (0304) 203396 (24 hours).

Mr, Mrs, Miss, etc. Initial Surname _____

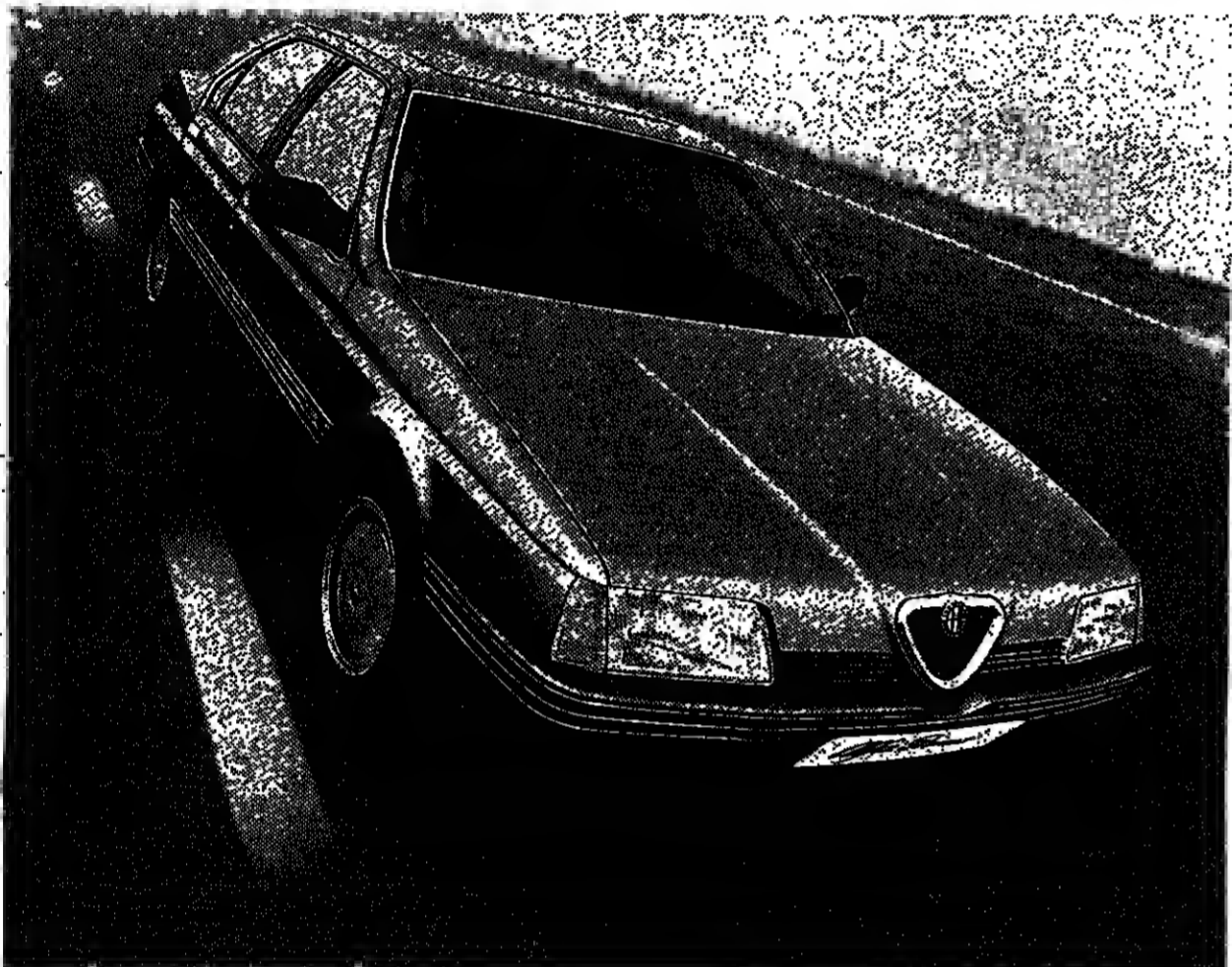
Address _____

Town, City _____ F74/11/89/164

County _____

Tel. No. _____ Postal Code _____

Year of reg. _____ Present Car Tick box for test drive.



for a £20,000 saloon, were asked to place eight cars in order of preference and this was the result:

1.	BMW 525i SE
2.	Saab 9000 CD turbo
3.	Audi 90 Quattro
4.	Hooda Legend
5.	Alfa Romeo 164 Lusso
6.	Ford Sierra Cosworth
7.	Jaguar XJ6 2.9
8.	Rover Vitesse

Nearly everyone put the BMW at the top of the list, in the same way that all hut one put the Rover at the bottom.

Then came the acid test. A cross section of these people were then given all eight cars to test drive over a mixture of roads in one day.

Aged between 32 aod 38, they were exactly the sort of people that maufacturers of this type of car desperately want to woo: an architect, a stockbroker, a property developer, a company director. In short, they were not the sort of people who miced words, and after the test, they were asked to re-assess their earlier list.

The results were very different. As the magazine said, "this wasn't just a victory for the Alfa, it was a walkover - with six of the eight

conversatioo piece." Ooe persoo picked up oo the engine's "intoxicating noise," while another simply called it "gorgeous."

(The 164's 3.0 litre V6 engine reaches 0-60 in 7.5 seconds aod has a top speed of 143mph.)

Eveo the magazine thought the Alfa Romeo had the hest eogine and "subjectively, it just pips the BMW io the beauty stakes."

As far as the testers were concerned, the BMW was pipped into fourth place.

"Time and time again, the chaps climbed out of it saying it had done nothing to tickle their erogenous zones. Where they were expecting pizzazz, they were given humdrum. Where they were expecting excitement, they were given competence."

Feelings were summed up by the person who said, "Quite obviously a superh car io every way, except for two things. It needs more power and it is utterly horiog."

All of the other cars received equally severe criticism. One person, climbing out of the Jaguar simply said "Well that's just a waste of a walnut tree."

The Rover, people thought, would "go down a bomb in Eastbourne," while the Ford Sierra

The Alfa Romeo 164 3.0 V6 is £18,990 and 3.0 V6 Lusso is £21,395 including Car Tax and VAT. Delivery and number plates are extra. Prices correct at time of going to press. All Alfa Romeeos now run on unleaded fuel.



HOW TO SPEND IT

Lucia van der Post thumbs through a bumper crop of catalogues which offer Christmas presents with a caring touch

Charity shopping begins at home

I HATE TO remind you but Christmas is coming, and though I've yet to receive word about the mess the mail order brochures are certainly getting fat.

the practical and useful, as opposed to the decorative or aesthetic. Children's toy sections often appeal at least to the parents, if not to the children, as many of them are of the old-fashioned, hand-made wooden variety that seems so much more aesthetically appealing than the multi-coloured, plastic, new-fangled gadgets that fill our television screens.

ActionAid, Hamlyn House, Macdonald Road, Archway, London N19 5PG. Tel. 01 281-4101.

"granny and grandpa presents." Well, this is the place to do it - lots of not-too-expensive things that children can afford. Soaps, I seem to remember, were always deemed perfect granny presents - this catalogue spoils you for choice.

Save The Children, SCF Trading Department, PO Box 49, The Arcade, Shaftesbury, Dorset, DT14 3JQ. Tel. 0283-519111.

Some really rather lovely Alpaca knitwear, made by women from poor living families in the Peruvian Andes. Sophisticated natural Alpaca colours of beige, cream, grey and black, £47.95 each.

War on Want Trading, Fenner Brockway House, 37-39 Great Guildford Street, London, SE1 0ES. Tel. 01 620-1111.

The National Trust (Enterprises) Ltd, PO Box 101, West-ern Way, Melksham, Wiltshire, SN12 8EA. Tel. 0255-785678.

When my children were small the big excitement of Christmas shopping were looking for what they called

Another small catalogue but

THE MECHANICAL MASTERPIECES. Audemars Piguet La plus prestigieuse des signatures. AVAILABLE AT: ASPREY, GARRARD, MAPPIN & WEBB, DAVID MORRIS, MOUSSAIEFF, THE WATCH GALLERY, WATCHES OF SWITZERLAND, JERSEY, C.T. MARNE



ILLUSTRATION: JAMES FERGUSON

with some nice diaries and guides, some brochures, scarves, cufflinks and spoons which are exceptionally attractive. I especially liked the Teapot Candy Spoon and the Sheelard Cow Butter Knife from the Sheelards (£7.95 each).

with some appealing toys, in particular a Noah's Ark puzzle, £45, and a charming set of bookshelves with an attached Tri-plane which has to be assembled. £24.95. Also some charming Christmas cards.

cards, doggy puzzles, badges, mats and toys as well as some more grown-up presents such as the ubiquitous recycled stationery, soaps, ties, chess sets, aprons and tea-schists.

carefully there are some useful little presents none the less. A trouser press, perhaps, for the man in your life? £28.95. Plus scented drawer liners, slipper socks, cat or dog string holders, trays, puzzles, and some nice-looking foods.

Cookery Meals to keep the cook on full alert Philippa Davenport picks two dishes to suit the vagaries of Britain's weather

APPETITES, LIKE the barometer in the hall, swing moodily in this curious weather. Dawn breaks wild, stormy and wet one day. Next we are becalmed under benign blue skies. Then it turns frosty, with mist dripping from the trees like damp butter muslin.

The second cannot be conjured up in half an hour - its rich and comforting blend of textures and tastes depends on the slow exchange of flavours in cooking. Serve it for lunch when you want to build yourself up, or for dinner on nights when you want to huddle around a fire.

well-seasoned flour. The secret of this recipe lies in organisation and timing as, once cooking starts, everything happens quickly, so prepare and line up the ingredients close to the stove.

Bring salted water to the boil for cooking the pasta, warm the plates and heat a large sauce pan. Start cooking the pasta first if using the dried sort, so it will be ready when you need it. Shop-bought chilli-fresh pasta can be started later. Really fresh home-made pasta cooks so quickly that it can be done while you warm the grapes and make the sauce.

the liver and grapes alongside, season them and pour on any buttery juices remaining in the pan. I think this is best served without any vegetables on the side but a dish of French beans with chopped and well-toasted hazelnuts goes well before or afterwards.

mealy quality of lentils are nicely foiled by a salad on the side. I recommend a mixture of peppery watercress, wedges of orange demoulded of all peel, pith and membrane, a handful of well-toasted pumpkin seeds, and a few tawny-gold chrysanthemum petals (or nasturtiums if still in flower).

pierce the flesh. Fry the bird for about 20 minutes in a large, lightly oiled frying pan - slowly at first so that the duck fat has a chance to run out. Press the duck down into the pan with a pair of wooden spoons and turn it as necessary until the skin is a rich golden brown all over.

Transfer the duck to a heavy-based flameproof casserole, preferably oval, arranging it breast down. Season well, pour on the stock, add the juice and finely grated zest of the orange. Bring to a simmer, cover tightly and leave to cook gently for 30 to 35 minutes.

Sketched here is a selection of just a few of the presents you could buy from just some of the catalogues on offer. Clockwise from top: Hand-made Butler and Maid wooden hangers, £4.65 each, from The National Trust. One of a set of three Paisley-patterned cotton handkerchieves - gloriously coloured, 22 in by 20 in, £7.95 the set, from Save the Children. Wooden train set, an engine and four detachable cars, made from Spanish elm or Mahoe wood, 95 cm long, 8 cm wide, 18.5 cms high, £43.50 from ActionAid. Silver spoon, 13 cm long, £37.95 from National Trust for Scotland. Suede slippers lined with Merino sheepskin, made in Lesotho, £15.95 a pair, from Oxfam. Absorbent plain natural cedarwood pencils, 12 colours and six black lead pencils, each embossed in black with name of your choice, £4.99 from Help for the Aged. Duck brooch made from coloured woods, £3.50, from Intermediate Technology. Ceramic cat's head from Babzenmba pottery holds a plentiful supply of string and a pair of scissors, £5.99 from Great Ormond Street Children's Hospital. 6 ft long luggage strap with any name up to 18 letters or initials incorporated, £4.99 from British Heart Foundation. Pocket tumbler that telescopes up small - holds 1/2 pint, 3 1/4 in high, £23.95 from 1 Can. Traditional Grouching Teddy, with jointed arms and safety lock eyes and nose, 12 in high, £11.95 from Gifts from Guide Dogs.

ecologically concerned. Principally it is involved in developing what it calls "sustainable technologies appropriate for rural communities in developing countries". The catalogue is not large but if the year you are determined to go green then you could choose a few things for the kitchen (a pretty red cast-iron trivet in the shape of a cockerel for £3.95), for the garden (a flower press, £2.95, or garden kneeler in which you can carry all your tools and materials, £8.99).

British Heart Foundation, PO Box 45, Burton-on-Trent, DE14 3JQ. Tel. 0283-512540. A big selection of cards, wrapping papers and Christmas decorations of all sorts, as well as quite a large collection of assorted presents, ranging from curious things like inflatable footstools and two ghostly barn owls "skilfully created in porcelain to make an attractive decorative feature, complete with wooden plinth," to a set of travel dominoes (£5.99).

Teacraft, 100 Church Road, Teddington, Middlesex TW11 8QE. Tel. 01 977-9144. Teacraft specialises in trying to help people in the developing world (principally in Thailand) who have leprosy, first by treating them medically and then by funding projects to teach them new skills and to sell the crafts they make. Anything you buy from this catalogue will help fund more projects. Certainly there's lots to choose from - bags, jewellery, basketware, brassware, lacquerware, wooden products, leather and toys

Greens on your doorstep

LONDONERS might like to know that there is now a company that will deliver, free, to the door a wide range of "green" products. As these are usually the very ones that are bulky to pack and carry such as bio-degradable household cleaners and recycled paper products - this really is quite a service.

The Green Delivery Company, as it calls itself, carries the full range of Ecover washing powders, dishwashing powders, washing-up liquids and the like, as well as a large selection of paper products and a small selection of family toiletries. There are also one or two charming old-fashioned products, like beeswax polish, which aren't always that easy to track down. Alas, for the moment the service is limited to the London area - it takes most of the South West and North West postal areas as well as Richmond, Twickenham, Isleworth, Brentford and Kew. The Green Delivery Company is at 34, Dukas Road, Chiswick, London, W4 2AE. Tel.(24 hour service) 01 994-0855.

If "green" matters interest or worry you then the Green Magazine (£1.95) is a new magazine designed to inform, interest and alert. The October issue had an excellent analysis of the ingredients in washing powders and the current issue takes a look at Britain's dirtiest cities and the probable time-scale and implications of the greenhouse effect. Look out for it on the bookstands.

Chaps looking to perk up their autumn wardrobes might like to be reminded of Davies, the David Davies-inspired shop at 10 Great Newport Street, London WC2H 7JA. Currently in the shop are some creamy chunky Aran jerseys, some wool polo shirts and, above all, one of the nicest men's shirts around - in pure 100 per cent cotton, in white, mint, lichen, moss, mustard, granite and slate, they are £39.50 a time.

Glad rags for City dos or Christmas parties don't come cheap. With a proper ball gown costing anything from £200 upwards and £1,000 price-tags proliferating on the designer labels, it is no wonder that hiring is more and more a vogue. Anybody working in the City can rush off to Biddulph & Banham at 8 Lodgegate Square, Off Ludgate Hill, St. Pauls, London EC4M 7AS and choose something to wear from about 150 dresses - five prices range from £35 to £75, depending upon the style. Sizes go from 8 to 18 and there are lots of accessories to match as well. Open from Monday to Friday, from 10 am to 6 pm, except Wednesdays when the shop stays open until 7.30 pm.

L.v.d.P

CZECH & SPEAKE OF BRNAN STREET, MAKERS OF FINE TOILET SKIN FRANKINCENSE & MYRRH RANCE. CLOSING DOWN SALE (END OF LEASE) of Handmade Oriental Carpets and Rugs 75% OFF ALL STOCK. EVERYTHING MUST BE CLEARED. OPENING HOURS: MONDAY to SATURDAY 9:30 am to 6:30 pm SUNDAY- 10:30 am to 6 pm. BELGRAVE CARPET GALLERY LTD, 3 OLD BOND STREET, LONDON W1. Tel:- 01-499-8149

